

2003 0576
IGSL

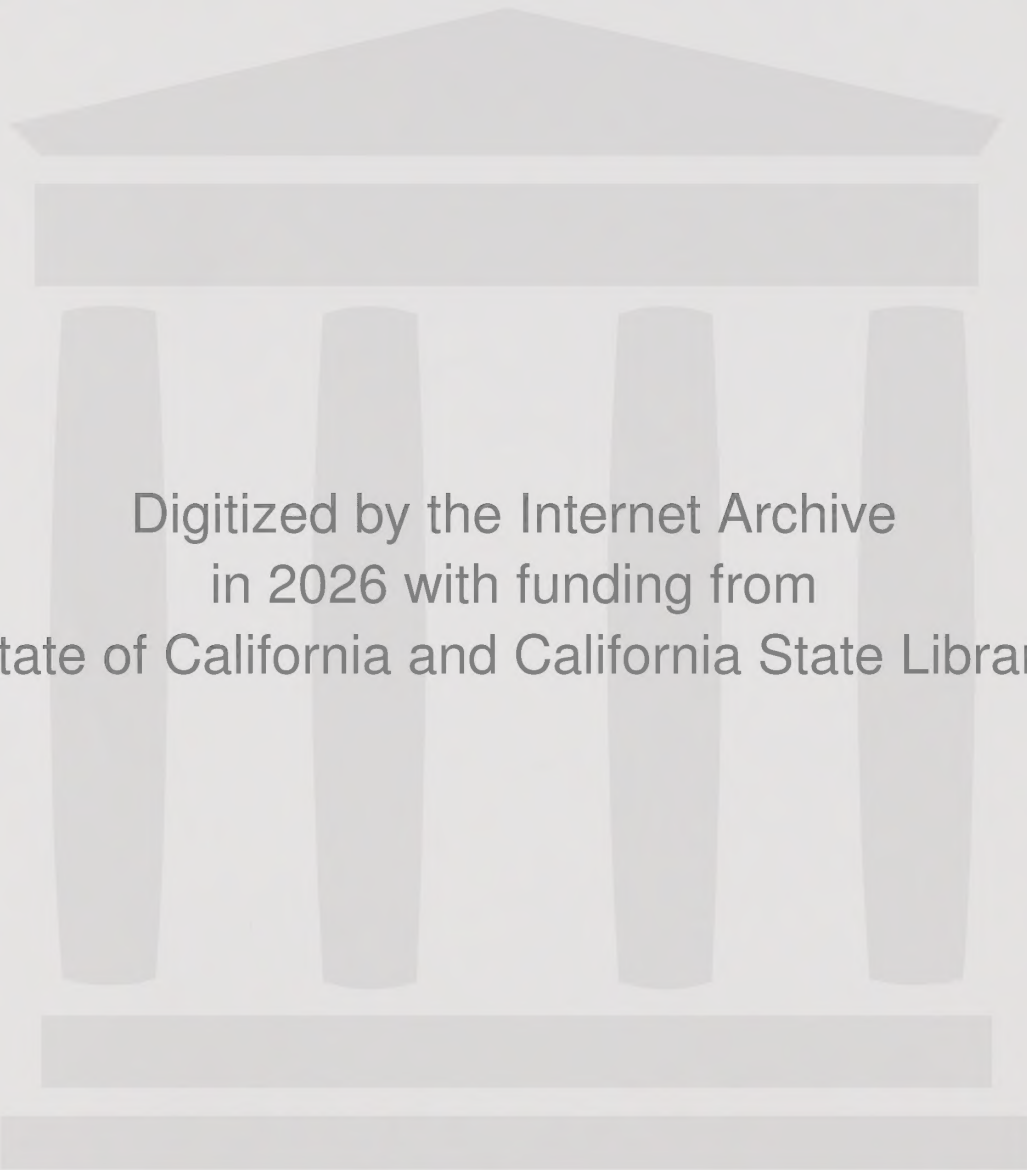
Prisoners of Hope

Welfare to Work
in Los Angeles

2003

**ECONOMIC
ROUNDTABLE**

A Nonprofit, Public Policy Research Organization



Digitized by the Internet Archive
in 2026 with funding from
State of California and California State Library

<https://archive.org/details/C124882503>

Acknowledgements

Prisoners of Hope

Welfare to Work In Los Angeles

July 2003

Prepared at the request of the
Board of Supervisors of the
County of Los Angeles

Underwritten by the
John Randolph Haynes and
Dora Haynes Foundation

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

AUG 18 2003

UNIVERSITY OF CALIFORNIA

Patrick Burns
Mark Drayse
Daniel Flaming
Brent Haydamack

Gerald Sumner
Statistical Consultant

ECONOMIC ROUNDTABLE

A Nonprofit, Public Policy Research Organization
315 West Ninth Street, Suite 1209, Los Angeles, California 90015
www.economicrt.org

This report has been prepared by the Economic Roundtable, which assumes all responsibility for its contents. Data, interpretations and conclusions contained in this report are not necessarily those of the John Randolph Haynes and Dora Haynes Foundation, the County of Los Angeles or the State of California.

This report can be downloaded from the
Economic Roundtable web site:

www.economicrt.org

Acknowledgements

We are grateful for data, ideas, information, and critical suggestions that have been generously provided by the following outside reviewers and public sector representatives.

Outside Reviewers

Yardenna Aaron
James Adler
Yolanda Arias
Elsa Barboza
Rosina Becerra
Nancy Berlin
Dan Braun
Joy Chen
Robin Conerly
Zita Davis
Becky Dennison
Bob Erlenbusch
Aurelia Flaming
Paul Freese
Bill Gallegos
Pamela Garcia

Shane Goldsmith
Jessica Goodheart
Joel Handler
Zeke Hasenfeld
Jennifer Ito
Angela Johnson Meszaros
Vanessa Lee
Nona Liegeois
Ng'ethe Maina
Esperanza Martinez
Mark Masaoka
Kate Meiss
Lanita Morris
Mary Murshedi
Marge Nichols
Paul Ong

David Runsten
Mari Ryono
Teresa Sanchez
Leonard Schneiderman
Cori Shepherd
Adrianne Shropshire
Sabrina Smith
Beth Steckler
Madeleine Stoner
Paul Tepper
Susan Thomas
Gloria Walton
Jennifer Wolch
Jamie Zeledón

County of Los Angeles Staff

James Adams
Wendy Aron
Espie Bonilla
Ana Cruz
Leticia Cuevas
Jose Estrada
Luther Evans
Henry Felder

Debora Gotts
Ann Jankowski
Eileen Kelly
Sheri Lewis
Jocelyn Mizell-Burt
Manuel Moreno
Louisa Ollague
Gerardo Pinedo

Raine Ritchey
Jessie Riggins
Althea Shirley
Jenny St. Mark
Violet Varona-Lukens
Darsan Walker

California Employment Development Department Staff

Ron Beam
Carl Headland
Sherry Huber

Judy McClellon
Mary Rippey
Toni Souza-King

Janyce Wong

Board of Supervisors of the County of Los Angeles

Supervisor Yvonne Brathwaite Burke

Supervisor Zev Yaroslavy

Table of Contents

1.	EXECUTIVE SUMMARY.....	1
	Questions.....	1
	Findings	1
	Recommendations	4
2.	LABOR MARKET ENGAGEMENT BY WELFARE PARENTS.....	7
	Overview of Welfare Caseload and Movement into the Labor Market.....	9
	How Parents Enter the Labor Market.....	10
	Employment Rate of Parents Who Entered the Labor Market.....	11
	Earnings	13
	Definitions	14
	Summary of Findings about Labor Market Engagement.....	15
3.	VULNERABLE PARENTS.....	17
	Overview	17
	Data from Other Sources about Prevalence of Family Dysfunctions	18
	CalWORKS Parents – 1998 to 2001	20
	Employment and Earnings of Vulnerable Parents	22
	Characteristics of Parents with Family Dysfunction and Disability	
	Indicators.....	24
	Parents with Multiple Barriers to Employment.....	25
	Skills and Earnings of Parents with Multiple Barriers.....	26
	Education and Earnings Outcomes	28
	Summary	30
4.	PARENTS APPROACHING TIME LIMITS	33
	Approach	33
	Amount of Time Spent on Welfare	33
	Effect of Exemptions and Age on Time-Limits	34
	Number Projected to Reach Time Limits	36
	Vulnerable Parents.....	37
	Earnings	37
	Attributes of Parents Facing Time Limits	39
	Summary	40
5.	RECENT WELFARE-TO-WORK SERVICE STRATEGIES.....	43
	The Five-Year Window	43
	Job Club	44
	Los Angeles Compared to the Balance of California.....	46
	Education and Training	47
	Summary	49

6.	IMPACTS OF EDUCATION AND TRAINING	51
	Introduction.....	51
	Skills and Earnings.....	53
	Earnings Before and After Education and Training	53
	Earnings Outcomes for Gain Skill Development Cohorts	57
	Earnings Outcomes Within Subgroups of Welfare Parents	59
	Earnings Outcomes for Parents Who Are Adult Learners.....	63
	Projected Impacts on the Regional Economy of More Education and Training.....	64
	Summary	66
7.	REVISITING THE RESEARCH THAT VALIDATED “WORK FIRST”	69
	Overview	69
	Conceptual Framework of The Economic Roundtable	69
	Criticism.....	71
	Disagreement	74
	MDRC’s Evaluation of Los Angeles County’s Education-Focused Program.....	77
	Self-Selection.....	82
	Revisiting the 1996 Research that Validated “Work First”	86
	Ethical Responsibilities	90
	Summary	91
8.	COMMENTS BY MANPOWER DEMONSTRATION RESEARCH CORPORATION.....	97
	Background	97
	Letter from MDRC	99
	Review Comments from MDRC.....	103
	Economic Roundtable Responses to MDRC’s Questions and Comments	111
9.	SANCTIONS	115
	Introduction.....	115
	Identifying Non-Compliance.....	116
	Duration, Frequency and Type of Sanctions	117
	Two Cases of Sanctioned Parents	119
	Characteristics of Sanctioned Parents	120
	Odds Ratios.....	121
	Summary	124
10.	CHILDCARE	127
	Introduction.....	127
	Access to CalWORKS Childcare Subsidies	127
	Impact of Childcare on Parent’s Earnings.....	129
	Impacts of Reduced Childcare Subsidies	130
	Summary	131

11.	LABOR MARKET EXPERIENCE OF CALWORKS PARENTS	
	1998-2001	133
	Introduction.....	133
	Trends In Average Earnings, 1998-2001	134
	Poverty And Self-Sufficiency	136
	Flexible Employment	140
	Industry Niches Of The Working Poor	143
	Statistical Analysis Of Earnings.....	147
	Conclusion	152
12.	LABOR MARKET RESTRUCTURING AND THE WORKING POOR IN LOS ANGELES COUNTY	155
	Introduction.....	155
	Labor Market Restructuring	155
	The Socio-Economic Impact of Restructuring: Rising Inequality in a Plural Metropolis.....	165
	Conclusion: The Working Poor in a Service Economy	168
13.	INFORMAL ECONOMY	173
	Introduction.....	173
	Data and Methods	175
	Evidence of Informal Employment.....	176
	Worker Characteristics.....	177
	Earnings Relative to the Poverty Line.....	180
	Occupational Employment	180
	Part-Time Jobs	183
	Occupational Wages	183
	Conclusion	184
14.	CONCLUSIONS AND RECOMMENDATIONS	187
	Conclusions.....	187
	Recommendations	193
15.	COMMENTS BY THE DEPARTMENT OF PUBLIC SOCIAL SERVICES AND RESPONSES BY THE ECONOMIC ROUNDTABLE	199
	Transmittal Letter.....	201
	Comments.....	203
16.	APPENDIX	223
	Errors in Reporting Income	226
	Figures	230
	Tables	231

List of Tables, Figures, and Maps

Tables

1	Percent of Parents Engaging the Labor Market Each Year Who Were Vulnerable.....	17
2	Need and Service Matrix for Welfare Parents	21
3	GAIN Services Used by Vulnerable Parents.....	22
4	Earnings and Employment Rates of Vulnerable Parents in 2001	23
5	20,196 Parents with Multiple Barriers to Employment Broken Out by CASAS Reading Score and Years of Schooling.....	27
6	20,169 Parents with Multiple Barriers to Employment Broken Out by CASAS Math Score and Years of Schooling	27
7	Average 2001 Earnings of Parents with Multiple Barriers to Employment Based on Grade Level of Skills Shown by CASAS Test Scores.....	28
8	Distribution of GAIN Educational Experiences for Parents who Entered CalWORKs from 1998 to 2001	51
9	Average Annual Earnings of Parents Who Engaged the Labor Force in 1998 .	56
10	Earnings in 2001 of Welfare Parents With and Without GAIN Education or Training.....	57
11	Average Annual Earnings for Parents Engaging the Labor Force in 1998 and 1999 by Skill Development Cohort	58
12	Earnings of GAIN Parents in MDRC's 1988-1990 Research Project.....	79
13	2001 Earnings of Parents who Left the GAIN Education-Focused Program from 1988 to 1993	79
14	Percent Offered Training by Years of Education.....	82
15	Percent of Parents Proposing Their Own Training Plan (SIP) by Years of Education.....	83
16	Parents Offered GAIN Training by Family Status, English Ability, Age, and Level of Education	84
17	Arguments for "Good Cause" Not to Sanction Parent.....	116
18	Average Annual Earnings of Working Age CalWORKs Parents in the Second and Third Years After Labor Force Engagement, Non-Sanctioned vs. Sanctioned 1992-1999.....	123
19	Frequency Distribution of 1998 Earnings Relative to Poverty Threshold, 1998 Cohort	137
20	Frequency Distribution of 1999 Earnings, Relative to Poverty Threshold, 1998 Cohort	137
21	Frequency Distribution of 2000 Earnings, Relative to Poverty Threshold, 1998 Cohort	138
22	Frequency Distribution of 2001 Earnings, Relative to Poverty Threshold, 1998 Cohort	138
23	Frequency Distribution of Quarters Employed, 1998-2001, for the 1998 Cohort	143

24	Industry Employment Distribution of the 1998 Cohort, Third Quarter, 2001.....	144
25	Top Ten Industries Employing Workers in the 1998 Cohort, All Persons Employed, Third Quarter, 2001.....	145
26	Average Earnings by Industry, 1998 Cohort, Third Quarter, 2001	146
27	Predictors of Earnings Above Poverty, Third Quarter, 2001, 1998 Cohort...	151
28	Industry Employment Change, 1990-1993 Recession, Los Angeles County .	160
29	Industry Employment Change, 1993-2000 Expansion, Los Angeles County.	161
30	Industry Employment Change, 1990-2000 Business Cycle, Los Angeles County.....	163
31	Ethnicity and Poverty, Los Angeles County, 1999	167
32	Demographic Characteristics of Welfare-to-Work Participants Based on Participation in the Informal Economy, Third Quarter, 2001	176
33	Ethnicity and Primary Language of Welfare-to-Work Participants Based on Participation in the Informal Economy, Third Quarter, 2001	177
34	U.S. Citizenship Status, English Language Ability, Educational Attainment Based on Participation in the Informal Economy, Third Quarter, 2001	178
35	Barriers to Employment of Welfare-to-Work Participants Based on Participation in the Informal Economy, Third Quarter, 2001	179
36	Earnings Distribution of Welfare-to-Work Participants Based on Participation in the Informal Economy, Third Quarter, 2001	180
37	Major Occupations of Informal Economy Workers and All Welfare-to-Work Participants, Third Quarter, 2001	181
38	Occupational Distribution of Welfare-to-Work Participants Based on Participation in the Informal Economy, Third Quarter, 2001	182
39	Average Hours Worked per Week Based on Employment in the Informal Economy, Third Quarter, 2001	183
40	Average Hourly Wages by Major Occupations Based on Employment in the Informal Economy, Third Quarter, 2001	184

Figures

1	CalWORKs Cases and GAIN Intake, Los Angeles County 1990-2001.....	7
2	LA GAIN Cumulative Welfare-to-Work Caseload	8
3	Quarterly Employment of Welfare Parents, Los Angeles County 1992-2001..	10
4	Number of Welfare Parents Engaging the Labor Market by Year and Circumstance, 1990 through 2001	11
5	Quarterly Employment Rate of Parents Who Have Engaged the Labor Market	12
6	Average 2001 Earnings of Working Age CalWORKS Parents by Year of Labor Force Engagement.....	13
7	Annual Earnings of Welfare Parents Who Entered the Labor Market by 2001	13
8	Percent of New Entrants into GAIN Each Year with Multiple Barriers to Employment	25

9	English Ability and Family Status of Working Age Parents with Multiple Barriers to Employment Who Have Entered the GAIN	25
10	Percent of Parents with Multiple Barriers to Employment Who Have Received Education or Training.....	28
11	Average 2001 Earnings of Parents with Multiple Barriers to Employment Who Received GAIN Training Compared to Parents without Training.....	29
12	2001 Employment Rate of Parents with Multiple Barriers to Employment Who Received GAIN Training Compared to Parents without Training.....	29
13	Number of Welfare Stints over Four Years, 1998 through 2001	34
14	Distribution of Welfare Episodes by Duration.....	34
15	Distribution of Long-Term CalWORKs Recipients by Percent of Time on Welfare since 1998.....	35
16	Projected Monthly Onset of Time Limits for Long-Term CalWORKs Recipients.....	36
17	Composition of Monthly Cohorts Projected to Reach Time Limits through 2005.....	36
18	Average Earnings in 2001 of Parents Projected to Reach Time Limits by 2005.....	37
19	Time Limited Parents Compared with All CalWORKs Parents.....	38
20	Time Limited Parents Compared to All Parents Active in GAIN since 1998...	39
21	Work Related Characteristics of GAIN Parents.....	43
22	Most Frequent Activity Assignments for Welfare-to-Work Parents	44
23	Outcomes since 1998 for GAIN Activities.....	45
24	Welfare-to-Work Activities and Outcomes.....	46
25	Percent of Welfare Parents Engaging the Labor Market Each Year Who Participated in a GAIN Education or Training Program.....	47
26	Number of Parents Engaging in the Labor Market Each Year Who Had GAIN Education or Training.....	48
27	Average Earnings in 2001 by Education and English Ability.....	52
28	Parents Engaging the Labor Force in 1995	54
29	Parents Engaging the Labor Force in 1996.....	54
30	Parents Engaging the Labor Force in 1997	54
31	Parents Engaging the Labor Force in 1998.....	55
32	Parents Engaging the Labor Force in 1999.....	55
33	Parents Engaging the Labor Force in 2000	55
34	Projected Additional Earnings from Increasing the Number of Welfare Parents Who Receive Education and Training.....	65
35	Quarterly Employment Rate of MDRC's 1996 Research Cohort	87
36	Average Monthly Earnings of Employed Members of MDRC's 1996 Research Cohort	87
37	Average Monthly Earnings of MDRC's Total 1996 Experimental and Control Cohorts	88
38	Participation of MDRC Cohort in GAIN Education and Training Programs....	88

39	Average Monthly Earnings of MDRC 1996 Research Cohort Based on Enrollment in an Education and Training Program	89
40	Financial Sanctions Applied to GAIN Parents by Quarter.....	117
41	Types of Non-Compliance Leading to Financial Sanctions	118
42	Non-Compliance/Sanction Experiences of CalWORKs Parents.....	119
43	Sanctioned Parents by Characteristic	121
44	Number of LA County CalWORKs Families Receiving Childcare Subsidies Each Month	127
45	Duration of CalWORKs Childcare Subsidy	128
46	Type of Childcare Provider	128
47	Average Annual Earnings for CalWORKs Parents Who Received Childcare from GAIN in 2000	129
48	Average Annual Earnings for CalWORKs Parents Who Received Childcare from GAIN in 2000, by Last Grade of School Completed.....	130
49	Average Earnings per Quarter, All Workers, 1998 Cohort.....	135
50	Average Earnings per Quarter, Employed Workers, 1998 Cohort	136
51	Poverty Rate, 1998-2001, for the 1998 Cohort	139
52	Self-Sufficiency Rate, 1998-2001, for the 1998 Cohort	139
53	Unemployment Rate per Quarter, 1998 Cohort.....	140
54	Turnover Rate per Quarter, 1998 Cohort.....	141
55	The Growing Service Economy, Los Angeles County, 1978-2000	156
56	Classification of Industry Groups.....	157
57	Relative Wage in Niche Industries of the Poor, Los Angeles County, 1991-2000	165
58	Distribution of Income among Los Angeles County Households	166
59	Ratio of Growth in Employment to Growth in Working-Age Population 1990-2001	174

Maps

1	High Poverty Neighborhoods in Los Angeles County, 2000.....	150
2	Welfare Parents in Los Angeles County, 2000	150
3	Poverty Rate in Los Angeles County, 2000	169
4	Latinos in Los Angeles County, 2000	169
5	African Americans in Los Angeles County, 2000	170
6	Asian Americans in Los Angeles County, 2000.....	170
7	European Americans in Los Angeles County, 2000.....	171

Executive Summary

Questions

Welfare reform legislation declares a new bargain between the nation's poor families and their government - "you must go to work to support your children and your government will assist you in overcoming the barriers you face to entering the labor market at a livable wage." States and counties are restricted to a five-year window for equipping parents to become self-sufficient – after that their lifetime limit for welfare is exhausted. It is important for the region's future to know:

- How many welfare parents have become self-sufficient?
- What are the problems that keep other parents from becoming self-sufficient?
- How has Los Angeles used its five-year window?
- What lessons can we draw from the 1.1 million parents who have passed through Los Angeles County's welfare-to-work program that will help more parents lift their families out of poverty?

FINDINGS

Self-Sufficiency

Most welfare parents remain in poverty even after many years in the labor force. Most families have not become self-sufficient after participating in the county's welfare-to-work program.

- Among parents who participated in welfare-to-work activities and entered the labor force from 1998 through 2001:
 - 48 percent had no earnings in 2001
 - 15 percent had earnings above the poverty threshold for one parent with two children.
 - Another 7 percent had earnings that together with the Earned Income Tax Credit would raise their families above the poverty threshold.
 - Assuming that all eligible parents received their Earned Income Tax Credit, 78 percent had earnings below the poverty threshold in 2001.
- Parents who are projected to exhaust their lifetime limit of welfare from 2003 through 2005 had average annual earnings in 2001 of \$5,391.
- The average quarterly employment rate among parents who entered the labor market has declined over the past three years, from 43 percent in 1998

to 34 percent in 2001. This downturn appears to be the result of more prevalent barriers to employment among recent groups of parents entering the labor market.

- Welfare parents have become a significant factor in the regional economy; on any given day they account for at least one in ten jobholders and one in three job seekers in Los Angeles County. Their low earnings reinforce a regional trend toward income polarization.

Barriers to Self-Sufficiency

Thirty-six percent of parents who participated in welfare-to-work activities and engaged the labor market from 1998 through 2001 had information in their case records documenting vulnerabilities that significantly diminish their prospects for becoming economically self-sufficient. There are three major groups of parents (some parents are in more than one group) who are vulnerable because of:

1. *Family dysfunctions* – 6 percent had indicators of domestic violence, mental health, or substance abuse problems. They earned an average of \$2,950 in 2001.
2. *Disabilities* – 13 percent had indicators of permanent or temporary disabilities. They earned an average of \$3,647 in 2001.
3. *Multiple barriers to employment* – 26 percent were on welfare or unemployed for at least two years and did not have high school diploma. They earned an average of \$4,888 in 2001.

The extremely low earnings of all three groups of vulnerable parents provide convincing evidence of severe, unresolved problems that, for most, make it unlikely they will become self-sufficient. Many of these parents are approaching time limits.

The Five-Year Window

A review of the research that guided adoption of the “work-first” approach by Los Angeles County shows that the evidence from this research was quite narrow in scope, and that it has been used more extensively than was warranted in designing Los Angeles’ welfare-to-work program. In particular, the county has been poorly served by an over-emphasis on immediate employment and under-utilization of skill development programs. This program model has not produced sustained earnings growth, leaving most welfare families below the poverty threshold. Mistaken inferences have been drawn from this research in reaching policy conclusions that:

1. Human capital investments are not linked to long-term growth in earnings.
2. A program model that emphasized immediate employment will enable welfare parents to become self-sufficient.

The intuitively uncomfortable consequence of how this research has been applied in Los Angeles County has been to put us in the position of telling our children, “go to school as much as you can and you will do well,” but telling welfare parents, “don’t go to school, it won’t make any difference.”

A majority of welfare parents are poorly equipped to bring their families out of poverty based on the assets they bring to the labor market. Over half lack the basic prerequisite for most jobs of a high school diploma and the ability to speak English, the language of the mainstream economy. And nearly a third have histories of extended dependency. Altogether, 54 percent of appraised parents have had one or more of these human capital deficits.

Job Club, which provides three weeks of motivational and job-seeking training, has been the principal tool for helping parents overcome barriers to employment and is often, it would appear, an inappropriate tool. Nearly twice as many parents with indications of domestic violence, mental health or substance abuse problems have been referred to Job Club as to a clinical service. Nearly twice as many parents without a high school diploma or with limited English ability have been referred to Job Club as have participated in education or training.

In comparison with other California counties Los Angeles is making a slightly above-average effort to improve parents’ educational skills and provide supportive services. However, the level of clinical services for family dysfunctions is 20 percent lower than in the balance of the state. Los Angeles uses sanctions (cutting-off a parent’s welfare benefits) aggressively, with a sanction rate about 28 percent higher than the rest of the state. One worrisome bottom line outcome is that Los Angeles has a below-average percent of parents in unsubsidized employment.

Lessons from A Quarter of a Million Parents

Education pays! Nearly a quarter of a million parents for whom we have education, training and earnings data have gone through Los Angeles County’s welfare-to-work program since CalWORKs (California’s welfare reform legislation) took effect at the beginning of 1998. This is an exceptionally rich body of information for learning about the actual value of education and training for parents moving from welfare into the regional labor market. The data shows a clear earnings hierarchy associated with skill development that supports two conclusions:

1. Parents with higher levels of education and English fluency earn more money.
2. Welfare parents who engage in skill development as adults have better prospects for self-sufficiency.

Higher levels of education and English fluency, as well as the experience of being an adult learner in a welfare-to-work education or vocational training program are all associated with higher earnings. This holds true across every subgroup of welfare parents when we control for: marital status, age, English ability, length of time on welfare or unemployed, years of schooling, and year of entry into the labor market.

When we look at the entire population of parents who participated in GAIN from 1996 through 2000, the earnings of those who received GAIN education or vocational training grew by an average of \$563 more each year than those of untrained parents (average annual change in earnings of \$1,792 vs. \$1,229). Improving the level of education and vocational skills of welfare parents is a reliable strategy for increasing their earnings

While all subgroups of welfare parents show higher earnings and greater earnings growth for those who receive education and training, it is also important to recognize that self-selection plays an important role in determining which specific parents participate in an education or vocational training program. Skill development is poorly suited for a command and control system in which parents are compelled to undertake specific activities. The critical challenges are to build a program environment that communicates the value of education and then to ensure that every parent who selects education or training has full access to it.

DISAGREEMENT

The Los Angeles County Department of Public Social Services (DPSS) has reviewed this report and their comments constitute one of the chapters. Similarly, Manpower Demonstration Research Corporation (MDRC), whose studies have shaped the county's program, reviewed a summary discussion of its research and their comments also constitute a chapter. Both disagree with the central conclusion of this report: that the organizational structure of the county's welfare-to-work program needs to change and improve in ways that are comparable to the doubling of employment that has been achieved by welfare parents.

- DPSS said that their current "program design is sufficiently flexible to accommodate individual needs, program goals, and economic trends."
- MDRC said that the Economic Roundtable's recommendations "could end up costing taxpayers more while further impoverishing welfare recipients."

These divergent views together with an enormous body of information about actual employment outcomes of welfare parents, provide the framework for a searching debate about how poor families can truly be helped to build a better future.

RECOMMENDATIONS

We recommend that the Los Angeles County Board of Supervisors act on the compelling evidence presented in this report showing that (1) increased education and training, (2) more effective services for vulnerable families, (3) improvements in the structure of the welfare-to-work program are needed to enable more families to become self-sufficient. Specifically, we recommend that the Board:

Increase Participation in Education and Training

Help parents achieve their highest productive potential in the labor force and acquire the capabilities to make earnings progress that will lift their families out of poverty by greatly increasing the number of parents who participate in appropriate combinations of full- or part-time work and full- or part-time skill development. Initiate these skill development activities prior to, or concurrently with, employment activities rather than waiting until after parents establish an unsuccessful employment history.

1. Prior to formal enrollment in welfare-to-work provide information to parents encouraging them to develop self-initiated training programs, which lead to the highest earnings of any welfare-to-work activity. Given current county and state budget shortfalls this strategy has the added benefit of capitalizing on parents' resourcefulness in finding their own training opportunities.
2. Provide support services that will increase the completion rate for parents enrolled in remedial education.
3. Greatly increase skill development opportunities for parents with limited English ability by developing innovative, high quality instructional programs that are responsive to their learning styles.
4. Increase recruitment, counseling and support services, and improve instructional programs to encourage parents in very poor neighborhoods or with low levels of education to participate in skill development activities.
5. Build on the strong interest in education among better-educated, younger, and English-speaking parents by encouraging enrollment in skill development programs in combination with employment activities.
6. Raise the educational ceiling for welfare parents by encouraging enrollment in community college training programs in combination with employment activities required by state and federal welfare regulations.
7. Encourage parents with multiple barriers to employment (long-term welfare, sparse employment history, no high school diploma) to enroll immediately in skill development activities that will strengthen their basic capacity to compete in the labor market.
8. Invest a level of effort in building a culture that values learning that is comparable to the effort invested in building a culture that values work

Provide More Effective Services for Vulnerable Families

Increase the number of parents who receive appropriate and effective services for domestic violence, mental health and substance abuse problems.

10. Assign professional staff from organizations providing mental health, substance abuse and domestic violence services to conduct outreach in welfare office waiting rooms to parents who may need these services.
11. Bring up the floor under clinical service providers by replacing the poorest-performing quartile of facilities (whether they be county departments or non-county contractors) with more capable service providers.
12. Screen all parents who have used 50 percent or more of their lifetime limit of public assistance to identify domestic violence, mental health, substance abuse, dual diagnosis, or disability-related problems, and provide exemptions and appropriate clinical services for parents with these problems.
13. Providing screening and advocacy to identify parents who may qualify for Supplemental Security Income benefits and help them enroll in this program.

Increase Resources and Strengthen the Welfare-to-Work Program Structure

Increase the resources available for helping welfare parents become self-sufficient and strengthen the effectiveness of the overall program structure.

14. Work in collaboration with community organizations and elected officials to ensure that Los Angeles County receives its fair share of state childcare funds. The county has 39 percent of all active cases and its funding should increase from the current 32 percent to at least 39 percent of state childcare outlays.
15. Ensure that working parents have the basic social safety net protections required by law by ending the practice of approving employment of welfare parents in jobs that do not provide legally mandated payroll benefits.
16. Reduce the number of financial sanctions issued by at least 28 percent so as not to exceed the sanction rates in the balance of the state.
17. Greatly increasing the use of social work skills as an alternative to sanctions for assisting parents who have indicators of domestic violence, mental health or substance abuse problems.
18. Strengthen the connection between the Department of Public Social Services and community organizations with a stake in the self-sufficiency of welfare parents by establishing a formal mechanism for community participation in planning and adopting welfare policies.
19. Improve accountability by collecting Social Security numbers from all parents enrolling in GAIN and helping parents without numbers obtain them.
20. Train welfare-to-work and vocational assessment staff to understand and use up-to-date labor market information.
21. Strengthen the capacity of the Department of Public Social Services to use its own client data to increase program effectiveness.

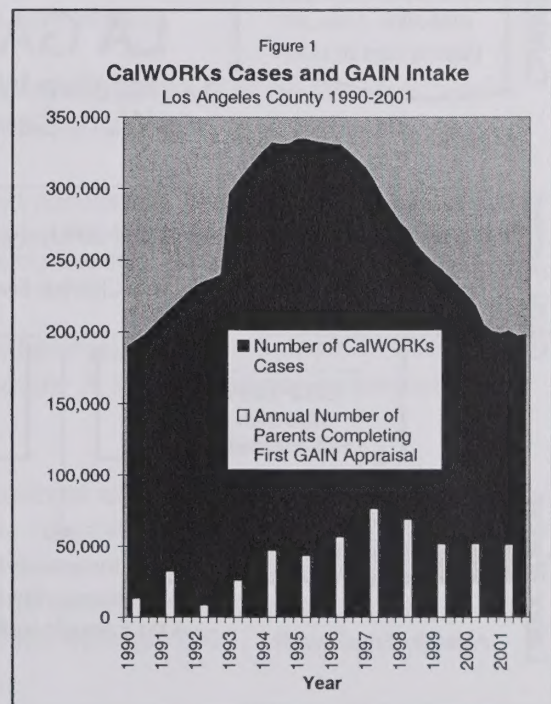
Labor Market Engagement by Welfare Parents

This analysis of welfare-to-work has been prepared at the request of the Los Angeles County Board of Supervisors. That request placed particular emphasis on the need for specific, operationally relevant information that can be used to improve the employment rate and earnings of welfare parents.¹ The Los Angeles County Department of Public Social Services and the California Employment Development Department's Labor Market Information Division released, respectively, confidential case files and payroll records that provided the basis for this analysis. The Economic Roundtable's work was underwritten by a generous grant from the John Randolph Haynes and Dora Haynes Foundation.

People struggling against exclusion and economic misfortune to realize a larger vision of restoration and freedom have been named prisoners of hope.² We have used this as the title for our report. The hope of economic rebirth through welfare reform has been offered to the nation's poor families. For many, this is still just a hope. If hope is all that a family holds, then they are captive to that hope.

On any given day at least one in ten jobholders and one in three job seekers in Los Angeles County are welfare parents who are receiving, or have received, cash grants (CalWORKs) to help them survive.³ The expectation now embodied in our nation's welfare legislation is that welfare parents will make good on the support they receive from their community by becoming self-sufficient within five years – their lifetime limit for aid. This expectation of basic fairness has two sides - the parent will make a whole-hearted effort to succeed *and* the parent will have a fair chance to succeed.

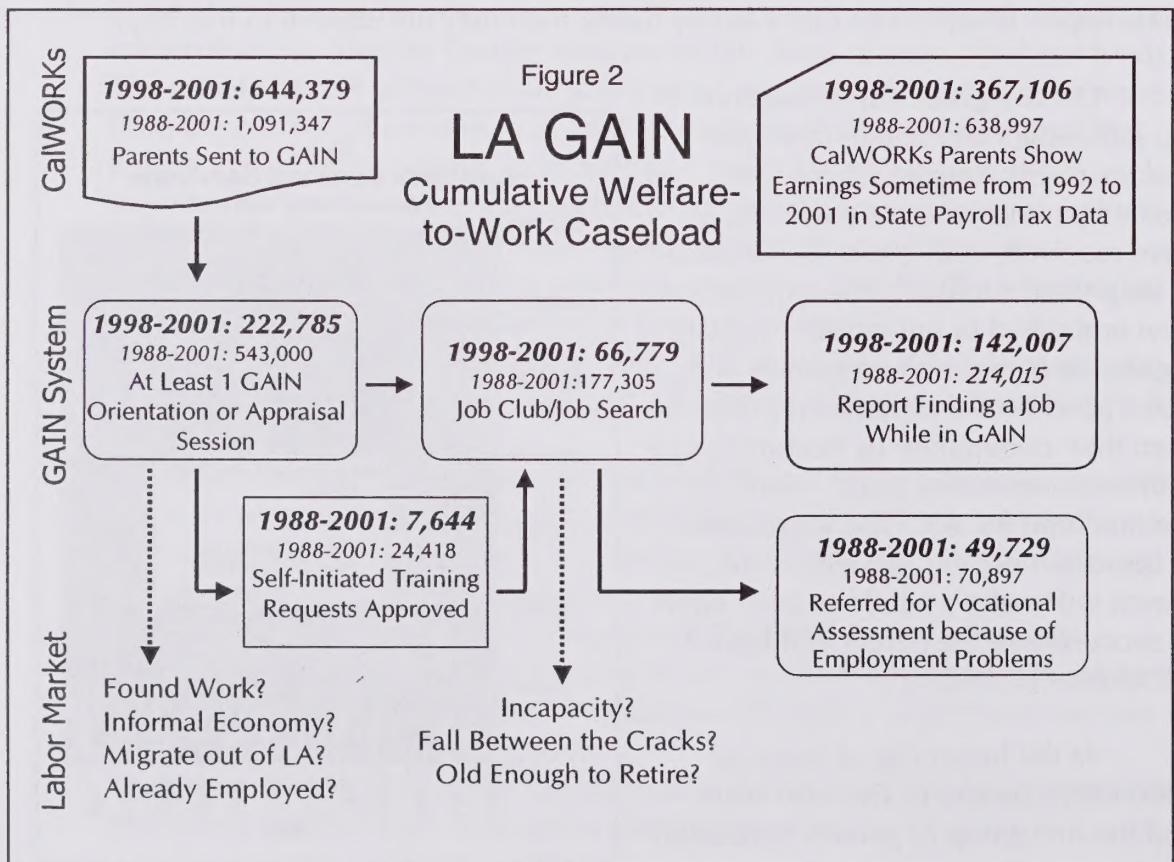
At the beginning of this year CalWORKs passed its five-year mark and the first group of parents exhausted



their lifetime eligibility for assistance. This massive movement of poor parents from welfare rolls into the labor force and their need to survive on their earnings makes it imperative for us to answer such questions as, how many are succeeding? How many are left behind despite their capacity to succeed? What are the things that enable parents to have a fair chance of succeeding? What are the things that keep parents from succeeding?

Information from Los Angeles County is important for answering these questions for at least two reasons. First, the county has the largest metropolitan caseload in the country, accounting for 8 percent of all U.S. recipients and 14 percent of all U.S. welfare expenditures.⁴ Second, Los Angeles County provides large-scale, longitudinal information about outcomes from a variety of services provided for welfare parents. This enables us to look at the effectiveness of an educational as well as a work-first approach for helping many different subgroups of welfare parents move toward self-sufficiency.

Our findings come from the welfare records of 1,091,347 parents who were assigned to Los Angeles County's welfare-to-work program (GAIN) from 1988 through 2001, and from Unemployment Insurance quarterly payroll records for all



of these parents from 1992 through 2001.

OVERVIEW OF WELFARE CASELOAD AND MOVEMENT INTO THE LABOR MARKET

The nation's new welfare reform legislation with mandatory work requirements took effect at the beginning of 1998. By that time the county had a decade of experience with welfare-to-work programs and its total welfare caseload had declined from its peak in 1995, as shown in Figure 1. The annual enrollment of new, active GAIN participants peaked at 76,500 in 1997, then remained steady at about 51,000 per year from 1999 through 2001. Because some parents remained in GAIN over an extended period of time, there was a cumulative build-up of participants, with the GAIN caseload peaking in 1998.

Of the roughly 1.1 million parents shown in Figure 2 who have been assigned to participate in the county's welfare-to-work program:

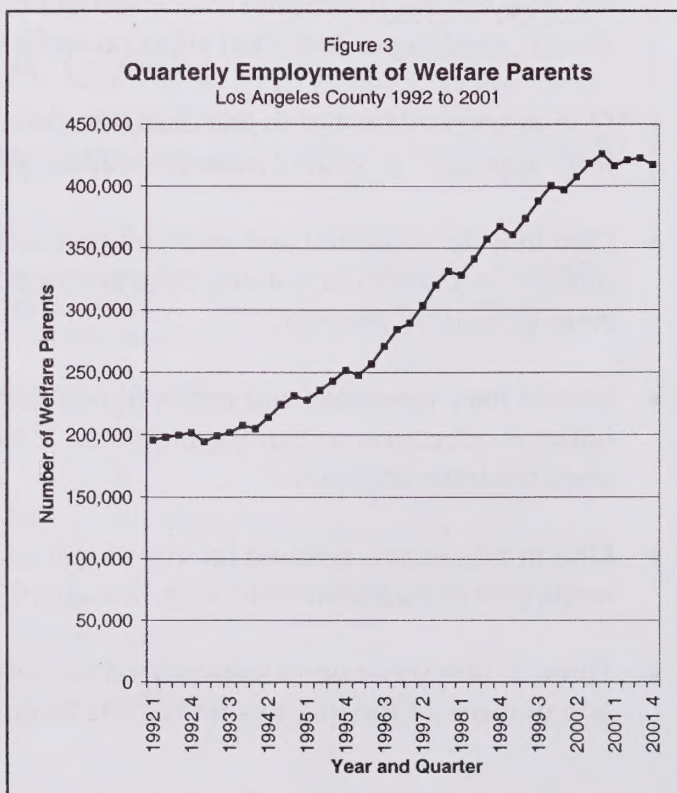
- One in two participated in at least one face-to-face meeting with welfare-to-work staff. These parents completed an appraisal process that gives us information about their educational and work histories. Most of the other half that did not participate in any welfare-to-work program activities were already working or had short stints on welfare.
- One in six participated in Job Club, the centerpiece of the county's "work-first" approach to employment for welfare parents.
- One in forty requested and received permission to participate in a self-initiated education or training program. A similar number requested and were denied permission.
- One in forty requested and received permission to participate in a self-initiated education or training program. A similar number requested and were denied permission.⁵
- One in fifteen was referred for vocational assessment because of employment problems or to receive supportive services.
- Three in five show up in state payroll tax records as having earnings during one or more of the quarters from 1992 through 2001.

When we look at employer payroll tax reports for the 1,091,347 welfare parents in our study, the number for whom earnings are reported grew from a quarterly average of 198,600 in 1992 to 419,200 in 2001- an increase of 111 percent. This represents a remarkable net increase in total employment of welfare parents and a significant accomplishment.

The picture that begins to emerge is of a welfare-to-work program that has touched many lives, but more often through enforcement of employment requirements than through direct provision of services. Only one-sixth of parents participated in the centerpiece program, Job Club. Two-thirds of parents appear to have managed their (re)entry into the labor market without using services provided by the welfare-to-work program. While the high rate of employment among welfare parents is substantially attributable to the aggressive work requirements of the new welfare reform legislation, the fact that most have achieved what employment progress they have made on their own might lead us to ask, has the work-first program model that has been in place since 1994 produced acceptable outcomes? And, would more help lead to more progress?

HOW PARENTS ENTER THE LABOR MARKET

The earnings histories of welfare parents often display a "V" pattern, with the descending slope created as earnings fall very low or disappear before they move onto welfare, and then the ascending slope created as they move through GAIN and re-enter the labor market. In order to make sense of their employment outcomes we need to identify the time when they reached the low point in the "V" and when we might reasonably expect to see an upturn in earnings. We refer to this point as labor force engagement rather than employment because even though these parents need work, not all of them find it. We

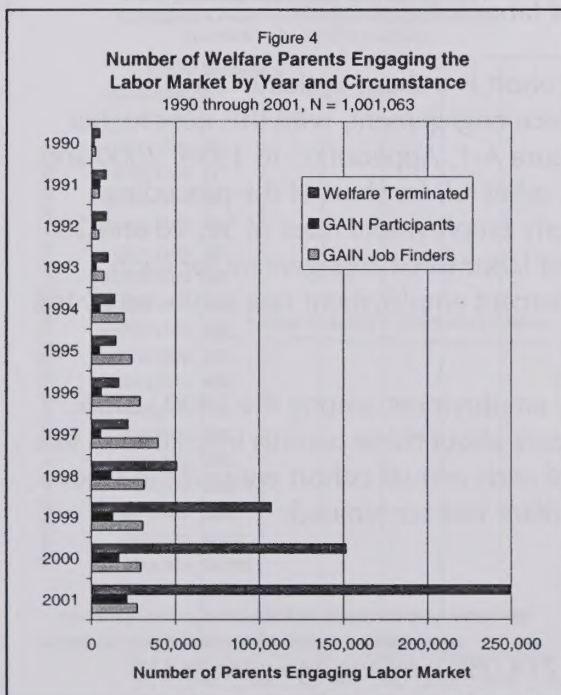


define parents who met any of the following three criteria as having engaged the labor market and the date when the criteria event occurred was their date of labor market engagement.

1. *GAIN Job Finders*: participated in GAIN and found a job or were exempted from GAIN because they were working.
2. *GAIN Participants*: participated in GAIN and did not have an exemption from GAIN or a permanent disability, but were not reported by GAIN to have found a job. Their date of labor force engagement was defined as being three months after their last GAIN activity.
3. *Welfare Terminated*: left welfare or were determined to be ineligible for welfare assistance; their only apparent means of support was work.

From 1990 through 2001, 1,001,063 welfare parents engaged the labor market⁶, 74 percent of them during the post-welfare reform period of 1998 through 2001, and 49 percent of them in just the last two years – 2000 and 2001. This accelerating rate of labor force engagement can be seen in Figure 4. Of parents who have engaged the labor market since 1998:

- 16 percent participated in GAIN and were reported to have found a job.
- 9 percent participated in GAIN but were not reported to have found a job.
- 75 percent had not participated in GAIN but their welfare was terminated, either by their own decision or because they were found to be ineligible.



EMPLOYMENT RATE

When we shift to looking at working welfare parents as a share of everyone who has engaged the labor market we see that the overall employment rate has declined since 1998, as shown in Figure 5. The decline has been particularly marked since the beginning of 2000, which

is when we began to see a dramatic increase in the number of individuals whose welfare was terminated. Possible explanations for this declining employment rate include: (1) the massive outflow of welfare parents into the labor market may have outstripped the rate at which they can be absorbed by the regional economy, (2) parents who have recently engaged the labor force may have been less prepared than preceding cohorts to compete for and retain jobs.

It is clear that the decline in the overall employment rate among welfare parents since 1998 is due to low employment among the progressively larger and less employed cohorts entering the labor market in 1999, 2000 and 2001. As we discuss later, the cause of the low employment rates among these cohorts may well be attributable to the increased prevalence of barriers to employment among these later cohorts of labor force entrants.

The typical pattern for each annual cohort is a sharp uptick in their employment rate during the year of labor force engagement, with this new higher rate continuing as a fairly stable plateau (Figure A-1, Appendix). In 1999, 2000 and 2001, each new cohort entering the labor market fell far short of the preceding cohort's employment rate. They had quarterly employment rates of 32, 28 and 23 percent, respectively, following the period of labor force engagement for each. These rates are substantially below the 42 percent employment rate achieved by the 1998 cohort.

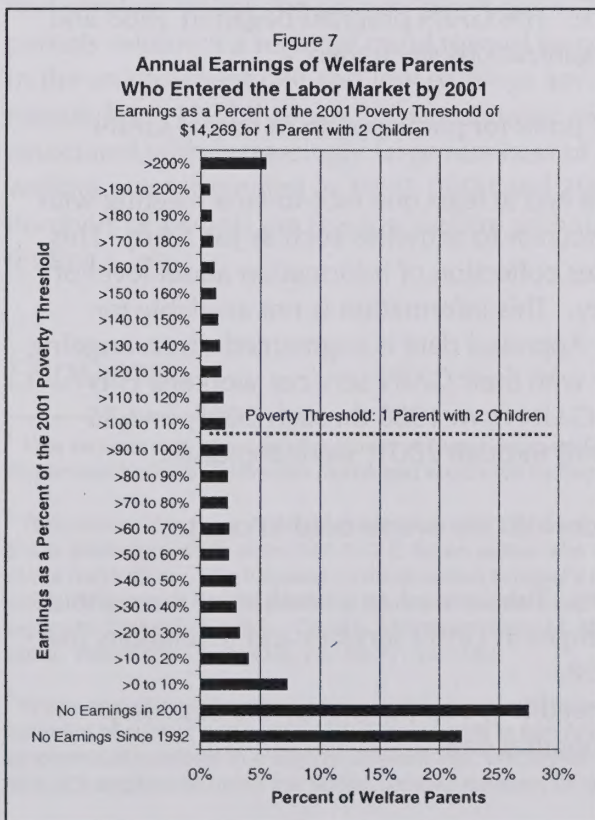
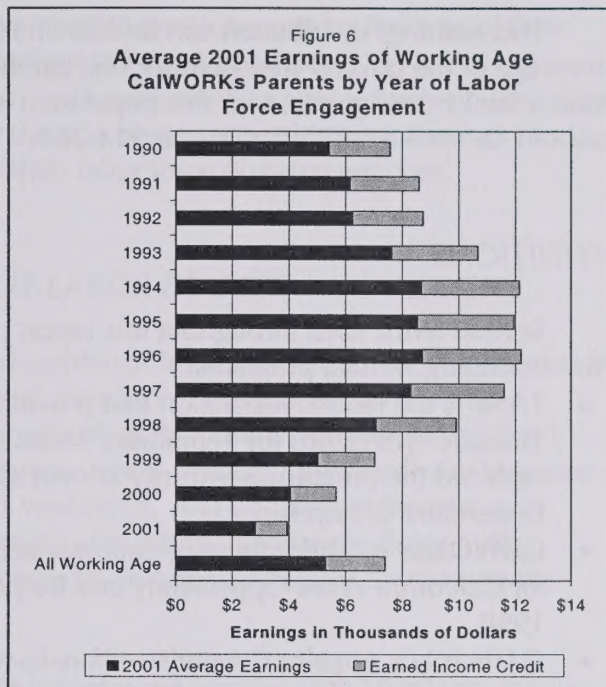
The next chapter explores barriers to employment among the 1999, 2000 and 2001 cohorts. The most significant feature about these parents identified in this chapter is that a progressively larger share of each annual cohort entered the labor market because they left welfare or their welfare was terminated.

EARNINGS

The average annual earnings in 2001 of all 714,088 working age parents (18 through 64 years) who had engaged the labor market from 1990 through 2001



were \$6,804.⁷ If all of these parents received the Earned Income Tax Credit to which they were entitled, their average total earned income would have been \$9,574. Average earnings for each annual cohort of labor force entrants are shown in Figure 6. The 1999 to 2001 cohorts have particularly low earnings. The low employment rates of these cohorts are the most significant factor in explaining these low earnings (a secondary factor is that they are the most recent labor market entrants and have had less time to build their earnings capacity.) The 2000 cohort had average earnings of \$5,119; parents applying for the



Earned Income Tax Credit would have had average annual earned incomes totaling \$7,169.

Of welfare parents who had engaged the labor market by 2001 approximately half had no earnings in 2001, and of those with earnings approximately half were above the poverty threshold and half below. To be more specific, 29 percent of all parents who received AFDC or TANF from 1990 through 2001 and who had engaged the labor market had annual earnings above the poverty threshold in 2001. Forty-nine percent had no reported earnings in California in 2001, including 22 percent with no reported earnings since 1992.

This earnings distribution can be seen in Figure 7, which shows earnings as a percentage of the poverty threshold for one parent with two children, the most frequent family configuration for this population of parents. In 2001 the poverty threshold for such a family group was \$14,269.

DEFINITIONS

Several terms used throughout this report deserve explanation. The first are terms describing welfare programs:

- **TANF** is the federal legislation that provides cash grants for poor families. The acronym stands for Temporary Assistance for Needy Families. This has replaced the program previously known as AFDC, Aid for Families with Dependent Children.
- **CalWORKs** is California's legislation enacting TANF. The acronym stands for California Work Opportunity and Responsibility to Kids. It took effect in 1998.
- **GAIN** is Los Angeles County's welfare-to-work program for implementing the employment requirements of TANF and CalWORKs. The acronym stands for Greater Avenues for Independence. The GAIN program began in 1988 and has undergone several major reorganizations since then.

The term describing the threshold point for participation in formal GAIN services is:

- **Appraisal** - appraised parents have had at least one face-to-face meeting with a GAIN services worker as the precursor to activities such as Job Club. This appraisal or intake process includes collection of information about level of education and employment history. This information is not available for parents who were not appraised. Appraisal data is augmented on an ongoing basis as parents meet periodically with their GAIN services workers. Fifty percent of all parents assigned to GAIN from 1988 through 2001, and 35 percent of those assigned from 1998 through 2001, were appraised.

The final set of definitions has to do with the events used to create chronological cohorts of parents:

- The **CalWORKs Era** began in 1998. This is used as a breakpoint throughout the report because there were changes in GAIN services and regulations that took effect at the beginning of 1998.
- **First Appraisal Date** – when we need to group parents by the date they entered GAIN we use their first appraisal date.

- **Last Appraisal Date** – when we need to group parents by the date of their final exposure to GAIN we use their last appraisal date.
- **Labor Force Engagement Date** – when we need to group parents by the date when it became necessary for them to begin supporting their families through their earnings we use their labor force engagement date.

SUMMARY OF FINDINGS ABOUT LABOR MARKET ENGAGEMENT

Working parents who received assistance from the LA County welfare system since GAIN was established in 1988 are a major component of the regional economy, making up one-eighth to one-tenth of the county workforce. Adding in Medi-Cal only cases, the county welfare system is probably involved with between one-third and one-half of the county's workforce. The county's welfare-to-work program provides a window of opportunity for raising the income floor under working-poor parents, and should be seen as an important factor for shaping the future of the county's economy.

Over 70 percent of CalWORKs parents who have engaged the labor market had earnings below the poverty threshold in 2001. The low earnings of welfare parents reinforce a regional trend toward income polarization. The overall decline in the employment rate and low earnings among welfare parents engaging the labor market from 1998 through 2001 is a matter of particular concern. This trend is associated with increasingly large numbers of parents who left welfare or whose welfare was terminated in 1999, 2000 and 2001. It appears that increasing numbers of parents are leaving welfare without becoming more employable or finding a job.

ENDNOTES

¹ This request was approved the Board of Supervisors on December 19, 2000, following a motion made by Supervisor Yvonne Brathwaite Burke and seconded by Supervisor Zev Yaroslavsky.

² The phrase "prisoners of hope" comes from the Old Testament book of Zechariah, chapter 9 and verse 12. It was probably written about 500 B.C.E. by an author who emerged in the shadow of Zechariah, the prophet of the restoration. This followed a critical period in Israel's history, the return of the Jews from Babylonian exile. This was a time of profound turmoil and uncertainty as the Israelites sought to re-establish their legacy in the land of Judah. Carol L. Meyers and Eric M. Meyers. (1993): *Zechariah 9-14*, The Anchor Bible. New York: Doubleday, pp. 25-27, 140-142.

³ Wage and salary earnings were reported for a quarterly average of 419,190 unduplicated Social Security numbers of current and past CalWORKs parents in Los Angeles County during 2001. Looking at these employment numbers in a slightly different way, employers reported paying wages to a quarterly average of 555,022 employees using the Social Security numbers of current and past CalWORKs parents in Los

Angeles County during 2001. The reason that these two numbers are different is that more than one person used some Social Security numbers, and also some welfare parents held jobs with more than one employer during a given quarter. Depending on how we interpret this data, welfare parents made up between 10 and 14 percent, or between one-tenth and one-eighth, of the county's labor force of 4,102,100 wage and salary workers in 2001. Regarding the share of the county's unemployed job seekers comprised of CalWORKs parents: there was a monthly average of 311,700 unemployed job seekers in Los Angeles County in 2001 (source: California Employment Development Department Labor Market Information Division). Employment Development Department payroll data used in this study shows that an average of 108,427 CalWORKs parents who had jobs sometime during the year were out of work in each quarter. This suggests that current and former welfare parents account for one out of three unemployed job seekers on any given day.

⁴ Estimates of Los Angeles County's share of the U.S. TANF caseload and expenditures are derived from the county's share of the California caseload as reported for November 2002 in the California Department of Social Welfare monthly report titled, "CA 237 CW - CalWORKs Cash Grant Caseload Movement Report," and from California's share of the U.S. caseload and expenditures, as reported for the first half of fiscal year 2002 by the U.S. Department of Health and Human Services in Table 2:7:c of "Temporary Assistance for Needy Families Program (TANF): Fifth Annual Report to Congress."

⁵ The GAIN Employment Activity and Reporting System (GEARS) tracks the number of self-initiated programs that are approved and rejected under the field SIP-APPROVED Y/N? The reasons why individual self-initiated programs are approved or rejected are not recorded in GEARS, and thus were not accessible to us.

⁶ The difference between the 1,091,347 parents covered by our study and the 1,001,063 parents who engaged the labor market from 1990 through 2001 is accounted for by persons who were still in GAIN or exempt from GAIN at the end of 2001 as well as some who engaged the labor market before 1990. It should be noted that the population in Figure 4 includes all CalWORKs parents who engaged the labor force, not just those who were active GAIN participants.

⁷ This calculation of average income for the entire GAIN population is based on (1) an assumption about who has earnings and (2) a filtering step for maintaining the integrity of earnings data. First, the assumption about earnings is that only parents with unduplicated, valid Social Security numbers have earned income. The practical reality is that these are the only parents for whom income information is available. Out of a universe of 1,091,345 unique Department of Public Social Services (DPSS) client identification numbers in the GEARS Participant File there are 378,144 clients, or 35 percent, with missing or duplicate Social Security numbers. In most cases this is a matter of having no Social Security number for the client; 28 percent of clients have no Social Security number. Additionally, in 7 percent of cases more than one client is using the same Social Security number. In computing earnings all of these clients are included in the population over which earnings are averaged, however earnings reported for a given Social Security number are counted only once. It is probable that some clients who have no Social Security number or who share a Social Security number with another client have earnings in the informal economy that do not show up in payroll tax records. Thus, the average earnings that we present for the total welfare-to-work population probably are less than the actual average for this population. Most of the problems with missing Social Security numbers are associated with parents who did not have the initial appraisal meeting with welfare-to-work staff, thus, earnings data is more reliable for the population of parents who were appraised. Second, regarding filtering of earnings data: out of 773,660 DPSS clients who show up as having earnings in the in the payroll tax files used for this report, 1.7 percent had what we flagged as suspect earnings. These clients had earnings records that met one or more of the following four criteria: (a) 80 or more person-quarters of earnings were reported for the Social Security number from 1992 through 2001, (b) 6 or more person-quarters of earnings were reported for the Social Security number in a single quarter from 1992 through 2001, (c) \$25,000 or more in earnings were reported for the Social Security number in a single quarter from 1992-2001, or (d) \$500,000 or more in total earnings was reported for the Social Security number from 1992 through 2001. Each time average earnings are calculated in this report the percent of records with suspect earnings that are filtered out is determined and the total population over which the earnings are averaged is reduced by the same percent. This maintains parity between the population base used to compute total earnings and the population base used to compute the total number of potential workers. These issues are discussed at greater length in the Appendix section titled "Errors in Reporting Earnings."

Vulnerable Parents

OVERVIEW

Thirty-six percent of parents from Los Angeles County's welfare-to-work program who engaged the labor market from 1998 through 2001 had information in their case records documenting vulnerabilities that significantly diminish their prospects for becoming economically self-sufficient (Table 1). Three types of vulnerabilities are included in this group:

1. Family dysfunctions – 6 percent had indicators of domestic violence, mental health, or substance abuse problems.
2. Disabilities – 13 percent had indicators of permanent or temporary disabilities or were exempted from GAIN because of incapacity or a responsibility to take care of someone who could not care for him or her self.
3. Multiple barriers to employment – 26 percent were on welfare or unemployed for at least two years and did not have high school diploma when they were first appraised for GAIN.

Several changes in the composition of the overall population of vulnerable parents engaging the labor market each year are noteworthy. There has been a steady increase in the proportion with identified family dysfunctions (increasing from 3 to 11 percent), suggesting improved capabilities for identifying these problems. And there has been a decrease in the proportion with multiple barriers to employment (from

Table 1
Percent of Parents Engaging the Labor Market Each Year Who were Vulnerable

Includes only parents with GAIN appraisal data

Year of Labor Force Engagement	Total with Appraisal Data who Engaged the Labor Force	Family Dysfunction Indicator	Disability Indicator	Multiple Barriers to Employment	Unduplicated Percent Vulnerable Parents
1998	68,739	3%	11%	30%	36%
1999	70,875	5%	13%	27%	36%
2000	76,625	6%	15%	26%	36%
2001	83,520	11%	11%	21%	34%
Total/ Average	299,759	6%	13%	26%	36%

30 to 21 percent), largely because fewer parents had extended welfare stints without being enrolled in welfare-to-work activities after the start of CalWORKs in 1998. As later earnings data will show, the parents with family dysfunctions and disability indicators have especially low earnings and employment rates.

From 1998 onwards, information for identifying vulnerable parents is available for only about a third of welfare-to-work participants – those who had at least one meeting with welfare-to-work staff. We do not know if these vulnerabilities are equally prevalent among the other two-thirds of CalWORKs parents who stayed outside of the GAIN program structure. It is likely that formal welfare-to-work programs tend to draw in parents who have greater difficulty getting a job and accordingly more barriers than those who are able to remain outside the programs.

The group identified in this study as having family dysfunctions included anyone who declared a history of or was referred for assessment or treatment for domestic violence, mental health or substance abuse problems, not just parents actually diagnosed as having these problems. Thus, we cast the net as widely as possible to identify cases with problems related to family dysfunctions and found that 6 percent of the records indicated the possible presence of domestic violence, mental health or substance abuse problems.

The group we identified as having disability indicators includes parents with a flag in their GAIN records for either a temporary or permanent disability (there is a 58 percent to 42 percent split between these two categories), and both types of disabilities combined make up about one-third of the parents in this category. The other two-thirds are parents who were exempted from GAIN activities because of “incapacity” or because they were “required to stay home to care for person who is unable” (there is an 82 to 18 percent split between these two types of exemptions).

It is not clear from welfare records how many of the exemptions for incapacity that we have combined with disability cases originated out of physical rather than psychological difficulties. What we typically see in the records of these parents is a respite provided through the exemption, often lasting several months, during which these parents were expected to move past their difficulty so that they could enter the labor force.

DATA FROM OTHER SOURCES ABOUT PREVALENCE OF FAMILY DYSFUNCTIONS

The 6 percent detection rate for domestic violence, mental health and substance abuse problems (or even the 11 percent rate for 2001) appear to seriously

under count the actual prevalence of these problems among CalWORKs parents. From April 25 through May 15, 2002, following a request by the Los Angeles County Board of Supervisors, the Los Angeles County Children's Planning Council sponsored a family needs survey of 8,536 welfare and working poor parents that was carried out by a broad array of community organizations.¹ Nearly 60 percent of the surveys were completed in county welfare offices.

One of the survey questions asked parents, "Please identify any problems you have right now that keep you from having a good paying job." One of the sixteen multiple choice options for responding to this question was, "Family problems such as domestic violence, depression or substance abuse." Nineteen percent of the respondents who were CalWORKs recipients at the time of the survey said that these family dysfunctions were employment barriers. Among CalWORKs parents surveyed in Department of Public Social Services waiting rooms, 17 percent said these problems were employment barriers. CalWORKs parents who most frequently identified family dysfunctions as a barrier to employment included:

- 0 to 8 years of schooling – 25 percent
- 45 to 64 years of age – 24 percent
- Limited English fluency – 24 percent
- Latino – 22 percent

Even though the family needs survey uncovered a higher percent of welfare parents with family dysfunctions than are identified through the CalWORKs and GAIN screening process, there is good reason to believe that an even higher percent of parents are impacted by these problems. A study of CalWORKs parents in other counties conducted by the California Institute for Mental Health found that more than half reported experiencing domestic violence or were found to have a mental health diagnosis or a substance abuse or dependency problem.²

The comparative effectiveness of the family needs survey in eliciting disclosures of domestic violence, mental health and substance abuse problems suggests that this may provide a model for increasing the rate of detection for these problems among welfare parents. The current screening process is conducted by CalWORKs and GAIN staff as part of the formal intake process for welfare and employment activities. This setting is not conducive to revealing confidential and embarrassing information. In contrast, the individuals conducting the family needs survey were able to approach parents in welfare office waiting areas and establish trust based on:

- Their professional roles as allies of the parents, for example many of the survey takers were legal aid lawyers.
- An informal and conversational approach.

- The assurance that information parents provided would be kept in confidence.

This outreach approach in welfare office waiting areas could be replicated by professional staff from the organizations under contract to provide mental health, substance abuse and domestic violence services for welfare parents. Screening could also be strengthened through hiring of more staff members with social work training. One of the unfortunate consequences of restructuring of welfare programs over recent decades has been to leave the Department of Public Social Services with very few staff who have professional social work credentials.

CALWORKS PARENTS – 1998 TO 2001

What services have been provided for vulnerable parents who participated in GAIN since CalWORKs began in 1998? A break down of the vulnerable parents identified through welfare records, the overlap between different indicators of vulnerability, and the services provided for GAIN participants are shown in Table 2.³ This table is a matrix showing the needs that identify vulnerable families as well as GAIN activities for all 371,735 parents who were appraised after CalWORKs began in 1998. The same list of needs and services are listed on both axes. As a result, the total number of parents in each category is shown at the end of each row and the bottom of each column (this is where the same category on the top and side axes intersect). The other numbers in each row and column in the matrix show the overlap between two categories of parents. For example:

- The first column shows parents with a family dysfunction indicator. At the bottom of the column we see the bolded number showing that there was a total of 28,358 parents with a family dysfunction indicator. Other numbers in the column show, for example, that of these parents:
 - 15,473 were sent to Job Club
 - 8,810 were sanctioned
 - 8,785 participated in GAIN education or training
 - 11,447 were referred to domestic violence, mental health or substance abuse services
 - 2,283 completed the clinical services to which they were referred

Forty-one percent of the parents appraised since the beginning of 1998 have had vulnerabilities that diminish their prospects for self-sufficiency (the appraised population is slightly different from the population engaging the labor force during this same period – which was discussed in the preceding section - and has a slightly higher percent of vulnerable families). It is our assessment that the pattern of service delivery for vulnerable parents shown in Table 2 reveals the basic shortcoming of

the work-first approach to helping welfare parents become self-sufficient – it underestimates the amount of developmental support that many parents need if they are to become self-sufficient.

Twenty-nine percent of the parents who have been appraised by GAIN since the inception of CalWORKs, that is from 1998 through 2001, had multiple barriers to employment: they were unemployed or on welfare for two or more years and did not have a high school diploma when they entered GAIN. Only 32 percent of parents with multiple barriers received education or training through GAIN to help them overcome their educational and skill deficits. Forty-three percent received sanctions. A parent with multiple barriers was 34 percent more likely to be sanctioned and 96 percent more likely to be sent to Job Club than to be educated.

Sixteen percent of all parents with GAIN appraisals had a disability related indicator. Twenty-two percent of these parents received education or training and 36 percent were sanctioned. This is the group of vulnerable parents that we understand least well. Based on the information in their case records it is not possible to determine how many of these parents had physical impairments as opposed to

Table 2
Need and Service Matrix for Welfare Parents

Total population of 371,735 parents with GAIN appraisals from 1998 through 2001. Same categories on both axes. Bold numbers at the end of each row are group totals. Italicized numbers within rows show overlap between groups.

NEED OR SERVICE (same categories on both axes)	NEEDS			SERVICES					
	Family Dysfunction Indicator	Disability Indicator	Multiple Barriers to Employment	Completed DV, MH, SA Service	Referred to DV, MH, SA Service	Referred for Assessment	GAIN Education or Training	Sanction	Job Club
SERVICES									
Job Club	15,473	24,433	67,851	1,197	5,786	46,161	45,229	56,764	130,917
Sanction	8,810	20,862	45,822	669	3,656	20,936	33,095	118,666	
GAIN Education or Training	8,785	13,348	34,879	888	3,752	31,051	82,771		
Vocational Assessment	8,231	10,836	28,372	1,042	4,319	57,778			
Referred to DV, MH, SA Service	11,447	2,616	5,308	2,283	11,447				
Completed DV, MH, SA Service	2,283	528	1,032	2,283					
NEEDS									
Multiple Barriers to Employment	12,472	29,393	107,691						
Disability Indicator	5,575	60,379							
Family Dysfunction Indicator	28,358								

underlying mental or social impairments that adversely affected their ability to participate in GAIN activities.

Eight percent of appraised parents had indicators of domestic violence, mental health or substance abuse

problems, i.e., a family dysfunction. Forty percent of these parents were assigned to receive services for domestic violence, mental health or substance abuse. And 8 percent actually completed a program of services for domestic violence, mental health or substance abuse. Thirty-one percent of vulnerable parents were sanctioned (this includes sanctions that were subsequently rescinded as well as sustained financial sanctions). A parent with an indicator of a family dysfunction was four times more likely to be sanctioned than to complete a program of services for domestic violence, mental health or substance abuse.

In our view this service delivery pattern reflects the work-first approach of emphasizing near-term employment and de-emphasizing long-term developmental processes. That approach is well suited for what is probably a majority of welfare parents who are experiencing temporary financial emergencies and who have the skills and life stability needed to find lasting employment. But the earnings outcomes shown in the next section clearly demonstrate that in order to create viable futures for themselves, their children and the communities in which they live, more parents within these vulnerable groups need to receive individually appropriate combinations of clinical services, skill development, income maintenance, and work experience.

EMPLOYMENT AND EARNINGS OF VULNERABLE PARENTS

The earnings outcomes in 2001 of parents with vulnerability indicators demonstrate that even though their problems may not have been well understood they had a devastating impact on their ability to earn a living. The annual earnings of these vulnerable parents are compared to the overall population of appraised parents in Table 4.

Table 3
GAIN Services Used by Vulnerable Parents

Parents with GAIN Appraisals from 1998-2001

SERVICES	Family Dysfunction Indicator	Disability Indicator	Multiple Barriers to Employment	All Other Appraised Parents
Job Club	55%	40%	63%	22%
Sanction	31%	35%	43%	27%
GAIN Education or Training	31%	22%	32%	18%
Vocational Assessment	29%	18%	26%	10%
Referred for DV, MH, SA Services	40%	4%	5%	0%
Completed DV, MH, SA Services	8%	1%	1%	0%

In 2001, vulnerable parents had average annual earnings that were 30 percent lower and an employment rate that was 16 percent lower than other GAIN parents with appraisals.

- Parents with family dysfunctions had the worst outcomes - \$2,950 in annual earnings and 45 percent found jobs.
- Parents with disability indicators had \$3,647 in earnings and 40 percent found jobs.
- Parents with multiple barriers to employment had average annual earnings of \$4,888 and 52 percent found jobs.

The extremely low earnings of all three groups of vulnerable parents provide convincing evidence of severe, unresolved problems that, for most, make it unlikely that they will become self-sufficient. Despite these difficulties and the lack of help they have received, 84 percent of these vulnerable parents have engaged the labor market and many are approaching time limits.

Parents with family dysfunction indications are intensive users of GAIN services (see Table 3), yet there is a low rate of effective delivery of services that directly address family dysfunctions. One consequence of this is to create high program costs for very poor program results (see Table 4). It also appears to run counter to standards established in California's CalWORKs legislation that parents with mental or emotional disorders must be provided with "appropriate employment accommodations or restrictions, supportive services and treatment requirements." The legislation also requires that an effective service delivery system must be "available to provide alcohol and drug treatment services to any recipient whose substance abuse creates a barrier to employment."⁴

Table 4
**Earnings and Employment Rates of
Vulnerable Parents in 2001**

152,364 Vulnerable Parents with GAIN Appraisals from 1998-2001

<i>GROUP</i>	Average Annual Earnings in 2001	Annual Employment Rate in 2001
Disabled, Incapacitated and Caretakers	\$3,647	40%
Family Dysfunction	\$2,950	45%
Multiple Barriers to Employment	\$4,888	52%
All Vulnerable GAIN Parents	\$4,616	49%
All Other GAIN Parents with Appraisals	\$6,575	58%

Given the low earnings and employment rates that are typical of parents with disability indicators it would appear that a significant number of these parents have permanent barriers to employment that would qualify them for the federally funded Supplemental Security Income Assistance Program (SSIAP). It would also appear that some of these parents may be entitled to protection under the Ameri-

cans with Disabilities Act of 1990 (ADA) based on having a disability as defined by the ADA.

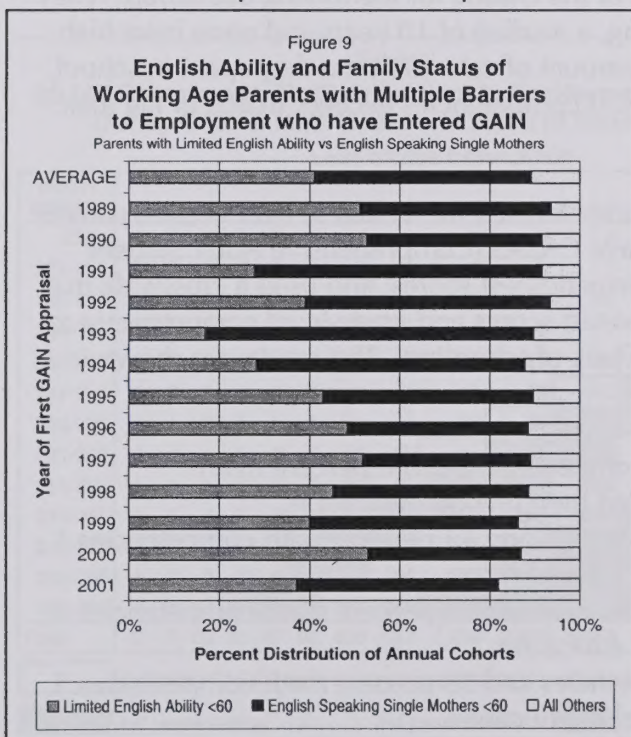
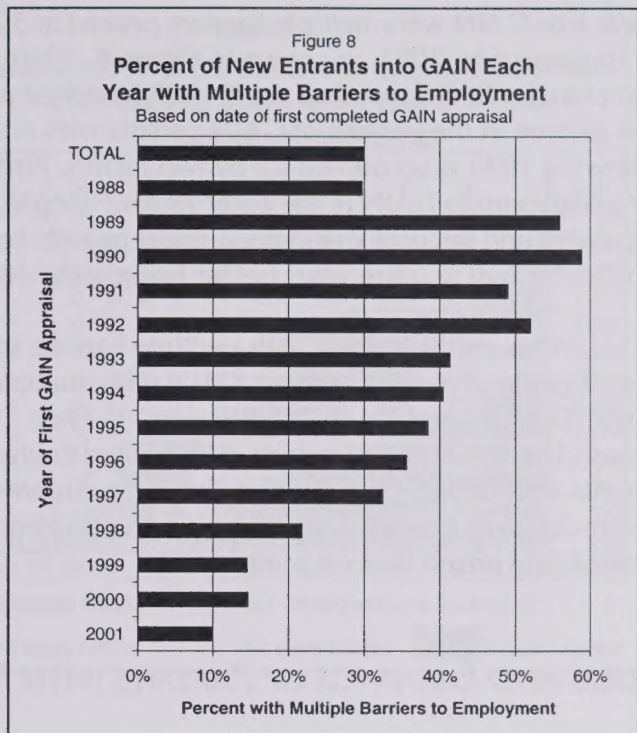
CHARACTERISTICS OF PARENTS WITH FAMILY DYSFUNCTION AND DISABILITY INDICATORS

The odds that parents with family dysfunction or disability indicators will have particular demographic or programmatic characteristics are shown in Table A-1 in the Appendix. The odds ratios shown in the table indicate the comparative likelihood that parents with family dysfunction indicators, disability flags, or exemptions because of incapacity or care taking responsibilities will be over-represented or under-represented in a particular category of parents. For example, the first odds ratio shown in the table tells us that women are 2.21 times as likely as men to have a family dysfunction indicator. Other noteworthy outcomes include:

- Family dysfunction indicators are most frequent among parents in their thirties through mid-forties.
- The incidence of disabilities and exemptions for incapacity go up steadily with age, with a rate four times as high among parents in their forties as among parents in their twenties.
- The incidence of disabilities and exemptions for incapacity are much higher among less educated parents. The rate among parents with 0 to 8 years of schooling is more than double that of parents with any exposure to college.
- The incidence of family dysfunctions, disabilities and exemptions for incapacity are more than twice as high among persons with limited English ability (who also often have limited education) than among parents who are fluent in English. This also holds true for the disability and incapacity rate among parents whose primary language is Armenian or a language from Asia or the Pacific Islands.
- Parents who were on welfare for two or more years before entering GAIN had rates of family dysfunctions, disabilities and exemptions for incapacity that were about two and one-half times higher than other parents.
- The incidence of family dysfunctions among parents assigned to Job Club was about three times as high as that among the overall population of appraised parents. Given that more parents with family dysfunctions are referred to Job Club than to clinical services, it appears that Job Club sometimes becomes an inappropriate alternative for clinical services.
- Parents with family dysfunctions also show up more frequently in the vocational assessment and skill development components of GAIN. The poor earnings outcomes of these parents suggest that skill development alone is not sufficient for overcoming their barriers to employment.

PARENTS WITH MULTIPLE BARRIERS TO EMPLOYMENT

From 1988 through 2001 the total population appraised by GAIN included 161,801 parents with multiple barriers to employment. This is an important group to study for at least two reasons. First, among the difficulties facing the overall population of vulnerable parents, their problems, lack of education and work experience, are the most straightforward to address. Second, they are a consistently defined population of parents that we can use for comparing the level of human capital investments provided for different subgroups of the GAIN



population. This comparison can readily be made between two subgroups that account for 89 percent of this population:

- Single, English-speaking mothers less than 60 years of age - they account for 48 percent of the population.
- Parents less than 60 years of age with limited English ability - they account for 41 percent of the population.

How many of the parents served by GAIN have had multiple barriers to employment? The percent of new en-

trants into GAIN with multiple barriers peaked at 59 percent in 1990 and declined to 10 percent by 2001, as shown in Figure 8. Thirty percent of all parents who completed a GAIN appraisal since 1988 have had multiple barriers to employment. The decline in the percent of GAIN parents with multiple barriers in the years following 1990 is accounted for by two factors. First, this was the target population for assignment to GAIN in the early 1990s. Second, as the GAIN program has expanded and become mandatory, fewer parents have been able to remain on welfare for two or more years before being assigned to GAIN.

Who are the parents with multiple barriers to employment? Until 1995, the largest group of parents entering GAIN with multiple barriers to employment was single, English speaking mothers (Figure 9). From 1996 onwards, the preponderance has been parents with limited English ability. Fifty-three percent of parents with limited English ability have been married and living with their spouse. The problem of parents with education and skill barriers to employment is increasingly linked to immigrant families.

SKILLS AND EARNINGS OF PARENTS WITH MULTIPLE BARRIERS

We already know that parents with multiple barriers to employment have limited education, because this is one of the criteria for identifying this group. They have an average of 8 years of schooling, a median of 10 years and none have high school diplomas. But aside from the amount of calendar time they spent in school, do their actual reading and mathematical competencies exceed, match or lag their limited levels of education?

To assess actual educational competencies we looked at over 20,000 parents with multiple barriers for whom we have CASAS (Comprehensive Adult Student Assessment System) reading and mathematics test scores, and used a crosswalk that identifies rough equivalencies between test scores and grade-level competencies to compare their tested abilities to their years of schooling. The results are shown in Tables 5 and 6.

Only 17 percent had reading competencies, and 6 percent math competencies that matched or exceeded their level of education.

- 25 percent had reading competencies and 13 percent math competencies 1 to 2 years behind their level of education.
- 31 percent had reading competencies and 28 percent math competencies 3 to 4 years behind their level of education.
- 27 percent had reading competencies and 53 percent math competencies 5 or more years behind their level of education.

- 74 percent had reading competencies and 83 percent had math competencies below the 9th grade level.

To summarize these findings about actual skill levels, the typical parent with multiple barriers to employment has completed about ten years of school but reads at the seventh grade level and computes at the fifth grade level. This means that a typical parent in this group is able to read a simple handbook for employees and can calculate a single simple operation

when numbers are given and make simple change. The greatest educational deficit of these parents is in quantitative skills; most lack the basic skills for using numbers to solve problems that are essential for entry into virtually any living-wage job.

The relationship between actual educational competencies and actual earnings is illustrated in Table 7. It

Table 5
20,196 Parents with Multiple Barriers to Employment Broken Out by CASAS Reading Score and Years of Schooling

READING SCORE	LAST GRADE COMPLETED												Total
	0	1	2	3	4	5	6	7	8	9	10	11	
256+	0	0	0	0	0	0	0	0	0	0	2	0	2
251-255	2	3	0	2	0	1	3	13	50	132	350	609	1,165
246-250	0	0	0	0	0	0	4	4	21	88	171	307	595
241-245	1	2	0	2	2	2	4	26	59	216	476	817	1,607
236-240	0	1	0	3	2	0	18	27	68	217	554	999	1,889
231-235	0	4	1	2	0	3	25	58	170	430	972	1,602	3,267
226-230	1	6	2	4	3	7	44	61	188	446	879	1,373	3,014
221-225	0	8	2	2	7	7	81	99	254	571	979	1,473	3,483
216-220	3	5	3	10	6	16	68	82	181	347	575	875	2,171
211-215	0	3	1	6	9	9	61	53	107	210	276	431	1,166
206-210	2	5	7	5	10	17	38	37	85	143	198	240	787
201-205	1	5	5	11	10	19	51	36	65	104	149	176	632
150-200	3	5	2	4	9	18	36	28	49	77	85	102	418
Total	13	47	23	51	58	99	433	524	1,297	2,981	5,666	9,004	20,196

Indicates CASAS reading score corresponding to grade level

1-2 years behind 3-4 years behind 5+ years behind

Table 6
20,169 Parents with Multiple Barriers to Employment Broken Out by CASAS Math Score and Years of Schooling

MATH SCORE	LAST GRADE COMPLETED												Total
	0	1	2	3	4	5	6	7	8	9	10	11	
256+	0	0	0	0	0	0	1	0	0	0	2	2	5
251-255	0	0	0	0	0	0	0	0	0	1	1	3	5
246-250	0	0	0	2	0	2	2	3	5	22	56	110	202
241-245	0	0	0	0	0	0	0	0	0	1	7	6	14
236-240	0	0	0	0	0	0	2	1	6	17	55	106	187
231-235	1	2	0	0	0	0	3	8	18	85	193	359	669
226-230	0	1	3	1	3	1	6	8	26	60	162	267	538
221-225	0	4	1	1	0	3	19	25	81	209	473	825	1,641
216-220	1	1	1	5	4	3	32	42	119	342	736	1,184	2,470
211-215	2	3	4	5	8	8	48	78	192	493	1,000	1,647	3,488
206-210	2	10	2	6	7	13	77	100	272	596	1,120	1,778	3,981
201-205	1	6	0	7	5	9	58	54	122	317	555	864	1,998
150-200	6	18	12	24	30	60	182	204	453	836	1,299	1,847	4,971
Total	13	45	23	51	57	99	430	523	1,294	2,979	5,659	8,996	20,169

Indicates CASAS math score corresponding to grade level

1-2 years behind 3-4 years behind 5+ years behind

should be noted that CASAS testing began in 1989, peaked in 1994, and ended after 1996, so these earnings outcomes are above-average because they are for parents who have been in the labor force five or more years. The important point demonstrated by these test results is that aside from educational credentials, there is a direct correlation between actual educational competencies and actual earnings. Parents in this group earned an average of \$6,871 in 2001. However, if parents had twelfth grade reading skills their earnings were 58 percent higher than average, and if they had twelfth grade mathematical skills their earnings were 66 percent higher than average.

Table 7

Average 2001 Earnings of Parents with Multiple Barriers to Employment Based on Grade Level of Skills Shown by CASAS Test Scores

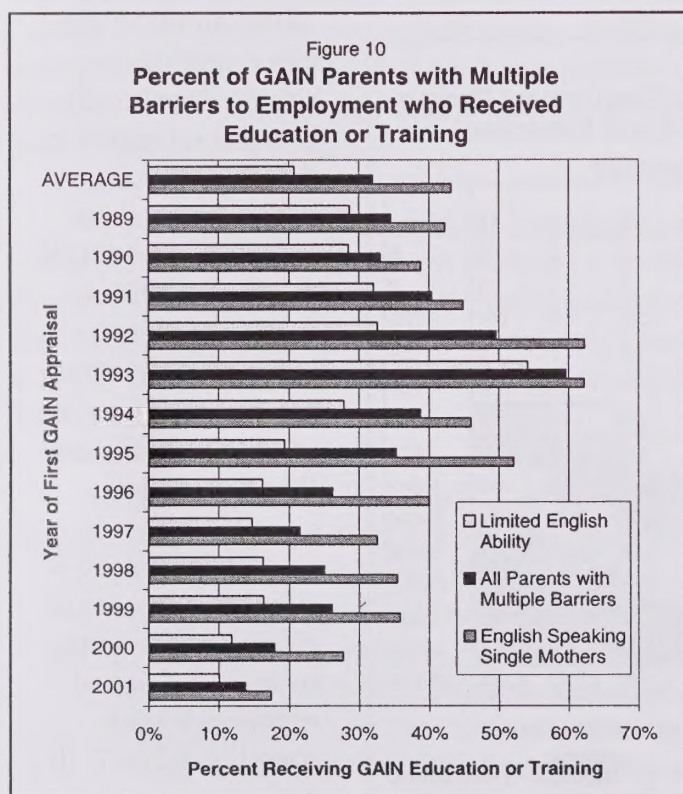
20,248 GAIN Parents with Multiple Barriers to Employment and CASAS Test Scores

Grade Equivalent of CASAS Score	Average 2001 Earnings Based on Reading Score	Average 2001 Earnings Based on Math Scores
12+	\$10,861	\$11,407
11	\$9,435	\$11,707
10	\$9,476	\$10,255
9	\$8,576	\$10,319
8	\$7,377	\$9,181
7	\$6,842	\$8,359
6	\$5,996	\$7,225
5	\$5,187	\$6,106
4	\$4,868	\$6,128
3	\$3,969	\$4,852
2	\$3,476	n.a.
1	\$3,043	n.a.

EDUCATION AND EARNINGS OUTCOMES

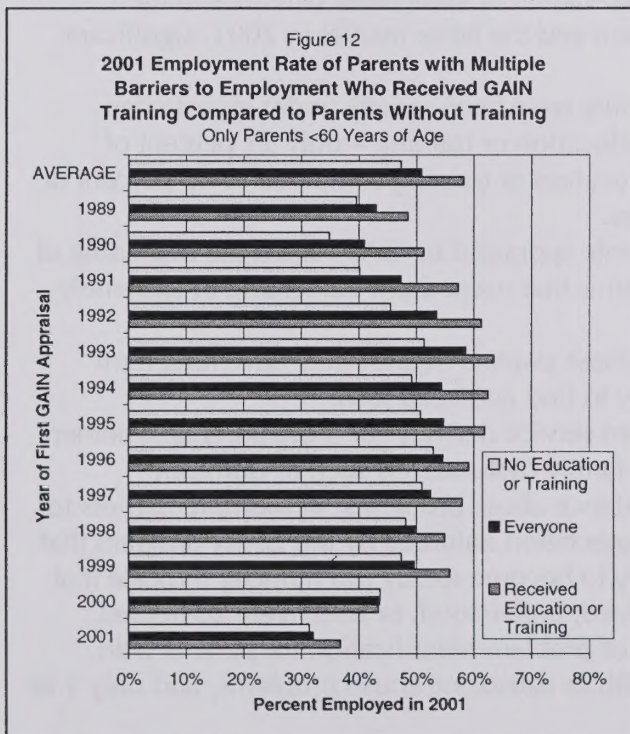
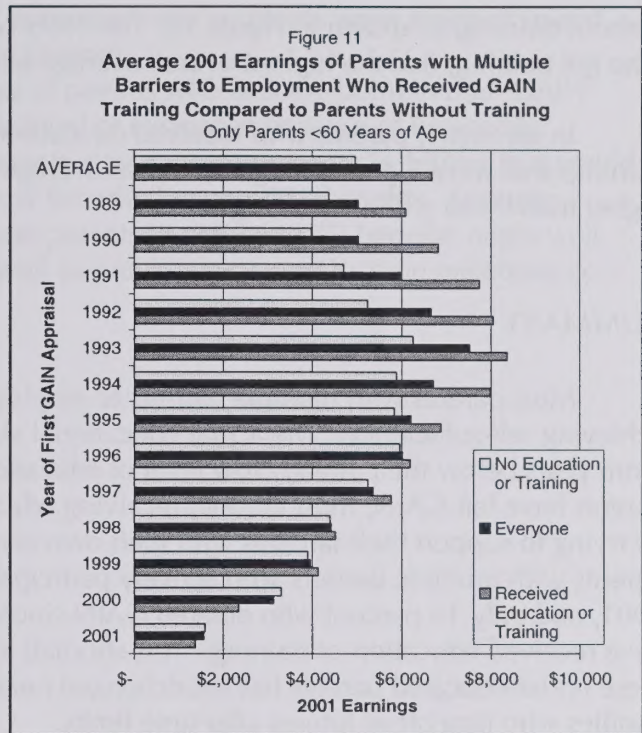
How many parents with multiple barriers to employment received education or training while in GAIN?

Thirty percent of these parents have received education or training while in GAIN. This includes parents who participated in either remedial or vocational education as well as self-initiated training programs (SIPs).⁵ The percent of parents with multiple barriers who participated in GAIN education or training peaked at 60 percent in 1993 and declined steadily to 14 percent in 2001. However, not all groups of parents had the same level of participation in education or training programs. Single mothers who speak English have been twice as likely to receive training as



ability (43 percent versus 21 percent), as shown in Figure 10.

How much did parents with multiple barriers to employment from different annual cohorts of GAIN participants earn in 2001? The average 2001 earnings of all parents under 60 years of age with multiple barriers were \$5,517, as shown in Figure 11. For the subgroup of parents who received GAIN education or training it was \$6,673. For the remainder of parents with multiple barriers to employment who did not receive education or training it was \$4,959. Earnings of parents who received education or training were 35 percent higher than their untrained counterparts. The earnings advantage associated with education or



training becomes evident after about 2 years and then continues to grow. The 1993 cohort, with the most parents who received training, had the highest average earnings of any annual cohort, \$7,518.

What was the employment rate among parents with multiple barriers to employment in 2001? Fifty-one percent of parents less than 60 years of age with multiple barriers to employment worked during at least part of 2001. Parents with education or training had an average annual employment rate of 58 percent, versus 47 percent for those

without training, as shown in Figure 12. The 1993 cohort, with the most parents who got training, had the highest overall average employment rate – 56 percent.

In summary, parents who received education or training had average earnings that were 3 percent higher, and an average employment rate 23 percent higher than those without training.

SUMMARY

Most parents with multiple barriers to employment have great difficulty achieving self-sufficiency. The actual educational skills of most parents are 3 or more years below their already low level of education. Over three-quarters of these parents have left GAIN, most without receiving education or training, and appear to be trying to support their families with their own earnings. Only 30 percent of the parents with multiple barriers who actively participated in GAIN from 1989 through 2001, and only 16 percent who entered GAIN since CalWORKs began in 1998, have received education or training. This shortfall in human capital investments for these under-educated parents has shortchanged nearly one hundred thousand families who face bleak futures after time limits.

Returning again to the entire population of vulnerable parents and their apparent prospects in the welfare system and the labor market in 2001, significant findings include:

- Parents with limited English ability have been greatly under-represented among those receiving GAIN education or training – only 21 percent of these parents have received education or training compared to 43 percent of single, English-speaking mothers.
- Thirty-six percent of GAIN parents appraised by GAIN since the beginning of 1998 have indications of problems that make them vulnerable to extremely poor employment outcomes.
- The unusually low earnings of these parents suggest they have long-term problems that affect their ability to find and keep jobs.
- The low rate of problem-relevant service delivery for these parents, whether they have disability indicators, family dysfunctions such as domestic violence, mental health or substance abuse problems, or multiple barriers to employment, along with the expectation enforced by the GAIN program that they should move expeditiously to become steady job holders, indicate that these problems are not recognized, understood, or effectively addressed.
- There is an extremely low rate of problem identification for parents with domestic violence, mental health or substance abuse problems, and only 1 in

16 of the parents identified as having these problems were assigned to and completed a relevant service program.

- The persistently low earnings of parents who at some point in their GAIN history were identified as disabled or exempted because of incapacity suggest that many of these parents may have permanent disabilities that would qualify them for Supplemental Security Income (SSI) benefits. Stronger advocacy efforts to assist these parents in obtaining SSI benefits might well reduce net county costs as well as provide long-term income maintenance for these parents.

AMOUNT OF TIME SPENT ON INTERVIEW

This section shows the percent time for the 2015-2016 period of the number of cases they were contacted and the results of those contacts. The table summarizes the percent of cases where the interview was completed. Since the first time from 2015 through 2016 parents in Los Angeles County's pilot have

ENDNOTES

¹ Daniel Flaming et al, "Running Out of Time: Voices of Parents Struggling to Move from Welfare to Work," Economic Roundtable, Los Angeles, 2002.

² California Institute for Mental Health, "The Prevalence of Mental Health, Alcohol and Other Drug, and Domestic Violence Issues among CalWORKs Participants in Kern and Stanislaus Counties," Sacramento, CA, September 2000, p.3.

³ Tables 1 and 2 group show slightly different groups of parents. Table 1 includes parents who engaged the labor market from 1998 through 2001. Table 2 includes parents who were appraised during the CalWORKs era, that is since 1998, although it should be noted that some of these parents also had appraisals prior to 1998, and may have engaged the labor market prior to 1998, but also received GAIN services in 1998 or later.

⁴ Citation of county responsibilities and requirements under Welfare and Institutions Code (WIC) Sections 11325.5, 11325.7 and 11325.8 contained in report by: California Department of Social Services, Health and Human Services Agency "Report to the Legislature on Substance Abuse and Mental Health Services Under the CalWORKs Program," November 2001, pp. 4-5.

⁵ There is some overlap between these different types of education and training. Altogether, 123,332 of the total population of parents enrolled in GAIN since its inception have participated in some form of education or training. The breakdown of training activities is as follows:

- 96,152 parents are identified through a GAIN Component file component code as having participated in an educational activity – these activities were almost entirely remedial education.
 - 53,447 of these parents began but did not complete their (remedial) education program.
 - 42,705 of these parents completed their (remedial) education program.
- 57,470 parents are identified through a Current School Status code in the GAIN Appraisal file as having participated in a skill development program (mostly vocational training).
- 26,983 parents are identified through a GAIN Appraisal file code as having been approved for a self-initiated training program (SIP).
 - 26,898 of the parents with SIPs also show up under the Current School Status code as participants in a skill development program.
- 30,320 show up in both the Component file and the Appraisal file as having participated in skill development programs. Some of this overlap may be for sequential participation in remedial education and then vocational education programs. The remainder of the overlap is the result of cross coding for the same activity.

Time Limits

APPROACH

The central assumption of the nation's new welfare reform legislation is that poverty need only be temporary – an assumption embodied in the new name, “**Temporary** Assistance for Needy Families.” On January 1, 1998, the clock began ticking on the new five-year, life time limit on the amount of time for which parents can receive cash assistance. At the beginning of 2003 the first parents reached these limits and went off welfare, a process that will be repeated each month for the foreseeable future. How many parents are facing time limits? Who are they? Will their welfare grants be replaced by sustainable employment?

We identified 124,698 parents in Los Angeles County who may be at risk of reaching their time limits because they received welfare sometime in 1998, the year when the time limits clock started, and also sometime in 2001. Potentially, these parents could have used as much as 48 of their lifetime limit of 60 months of aid. Out of this group, we paid detailed attention to 93,048 parents who not only received aid some time in both 1998 and 2001, but also in September 2002, the most recent month for which we have data.¹

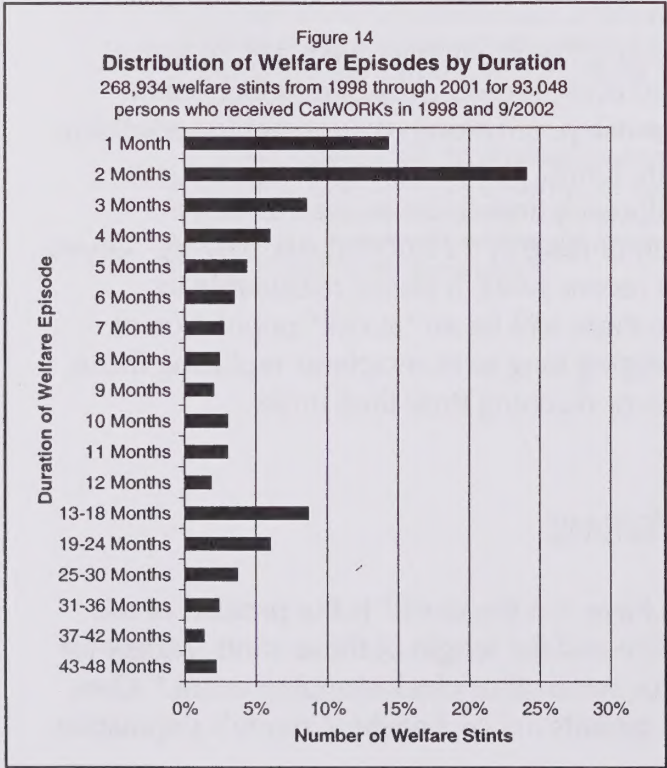
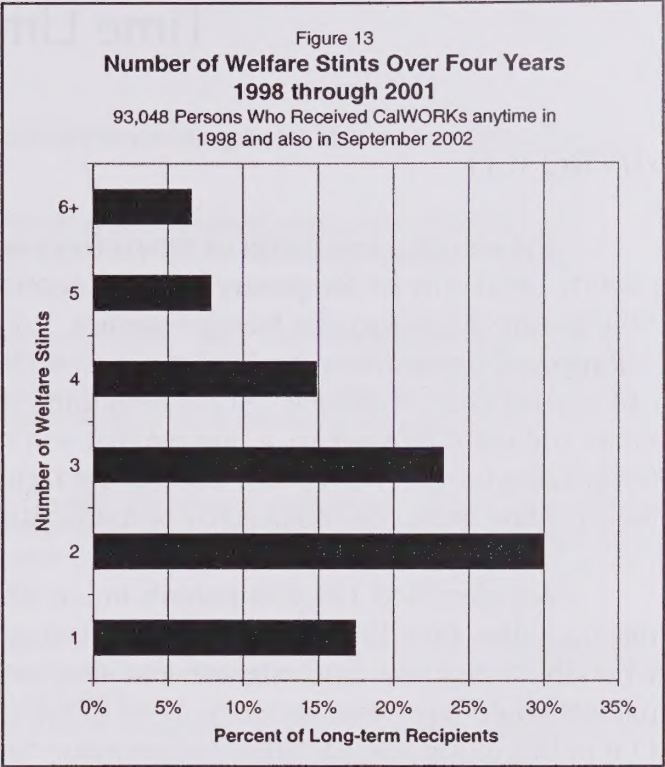
Many welfare parents cycle on and off and then back onto aid, so not all parents at risk from time limits are on aid every month. The September cohort group represents only a portion of the at-risk population but they provide a reliable sample of parents at risk of reaching time limits. We have projected what we learned about the rate at which they will reach time limits as well as their characteristics onto the larger population of roughly 125,000 at-risk parents. Given the relatively stable welfare caseload in recent years, it seems reasonable to anticipate that for the foreseeable future there will be an “at risk” population of about 125,000 parents, with newly emerging long-term recipients replacing those who leave this pool by going off welfare or reaching their time limits.

AMOUNT OF TIME SPENT ON WELFARE

The amount of time that parents have “on the clock” is the product of the number of stints they have had on welfare and the length of those stints, except for intervals when they had an exemption or some other clock-stopping event.² Over the four years from 1998 through 2001 parents in Los Angeles County's population

of long-term recipients experienced an average of roughly 3 welfare cycles per recipient, as shown in Figure 13. Most long-term welfare recipients move on and off of welfare rather than receiving benefits continuously. Only 17 percent of parents in this population had just one stint on welfare from 1998 through 2001, and for two-thirds of this group the stint was short enough to keep them out of the population projected to reach time limits by the end of 2005.

The second factor that determines the total duration of welfare is the length of welfare stints. Among this group of long-term recipients, over half of all welfare stints lasted 4 months or less, as shown in Figure 14. Only 10% had stints that lasted 2 years or longer.



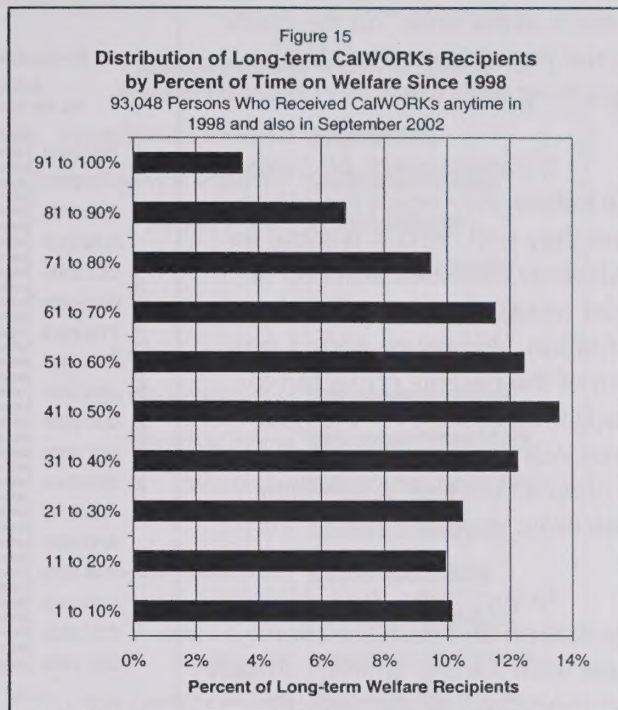
When the number and duration of welfare stints are combined, this group of long-term recipients received aid an average of 46 percent of the time from January 1998 through September 2002, as shown in Figure 15. A majority of long-term recipients had used up less than half of their lifetime limit of time on welfare.

*EFFECT OF EXEMPTIONS
AND AGE ON TIME-LIMITS*

Exemptions and age can offer reprieves from time limits.

The time limits clock stops for parents during intervals in which one of the following circumstances occurs in their household:

1. The parent was under 19 or over 60 years of age.
2. The parent was disabled with medical proof of a disability that is expected to last at least 30 days.
3. The parent was not capable of working, as determined by DPSS.
4. The parent was a domestic abuse survivor with a waiver from DPSS.
5. The parent was prevented from working because she or he was caring for a disabled or ill family member in the parent's home.
6. The parent was caring for someone else's child who was at risk of being dependent or a ward of the court, if it prevented her or him from working.
7. The family's cash aid was fully repaid through child support.



The welfare files available for this study provided information about the first six types of exemptions listed above, but not about the number of families whose cash aid was fully repaid through child support.³ We found that 6 percent of the at-risk population we studied had clock-stopping exemptions.⁴ The distribution of these exemptions within that 6 percent of at-risk parents was as follows:

- Parent or caretaker age 60 or older 2%
- Incapacity 82%
- Required to stay home to care for person who is unable 15%
- Non-parent caretaker with a child at risk of being dependent or a ward of the court 0.2%

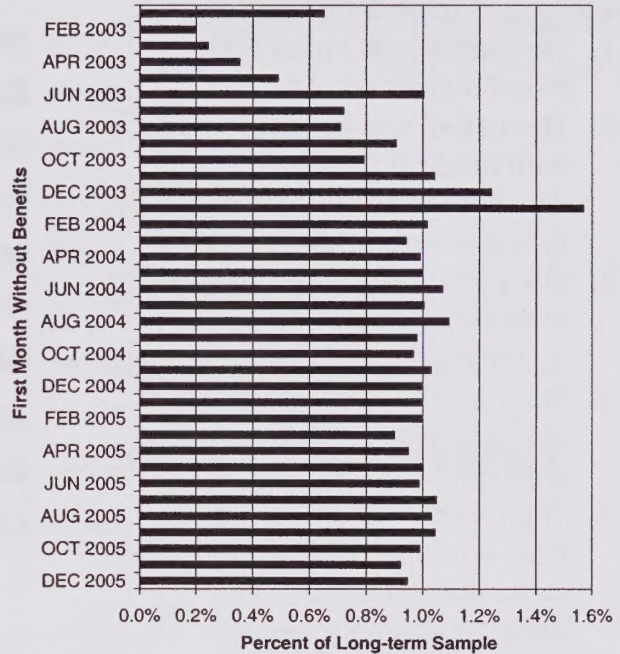
When we compared the intervals when parents were exempted from welfare-to-work activities with their cycles of registration and deregistration for GAIN we found that most exemption intervals coincided with deregistration intervals. After having used registration and deregistration dates to compute the amount of time spent on welfare⁵, the net effect of exemptions on time limits is to remove only 0.31

percent of the time “on the clock” for the population of parents approaching time limits.⁶

If parents reach 60 years of age before they reach their time limit they will remain eligible for assistance because adults 60 or older are exempt from GAIN participation. However, only 1 percent of the parents projected to reach time limits over the next three years will be 60 years of age or older when they reach their time limit.

In summary, the GAIN registration and deregistration dates used for this analysis already incorporate all clock stopping events for 98.7 percent of parents

Figure 16
Projected Monthly Onset of Time Limits for Long-term CalWORKs Recipients
For 124,698 parents receiving CalWORKs in 1998 and 2001

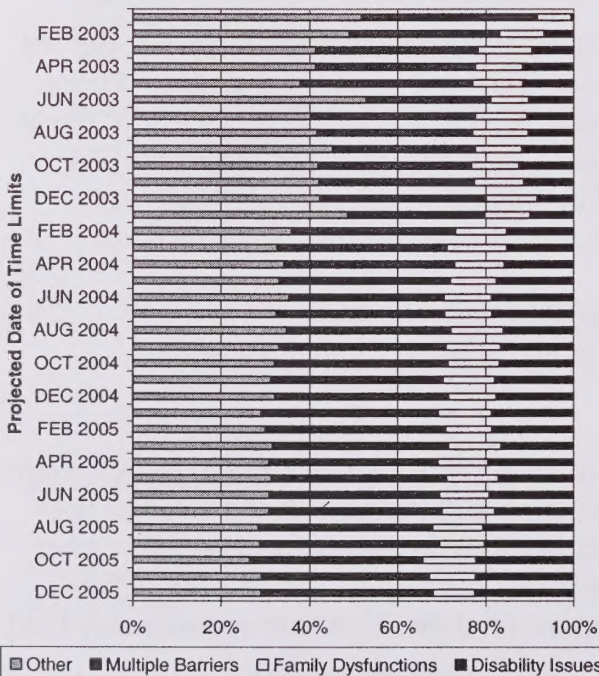


we project to be approaching time limits. This sets the stage for us to analyze the characteristics of parents who we project will be part of the first three annual cohorts to be time-limited out of welfare from 2003 through 2005.

NUMBER PROJECTED TO REACH TIME LIMITS

Thirty-three percent of the roughly 125,000 at-risk parents (i.e., 40,900 parents) are projected to reach their time limit by the end of 2005. From 2004 onwards, about 1 percent of this population of long-term

Figure 17
Composition of Monthly Cohorts Projected to Reach Time Limits through 2005



recipients is projected to reach their time limit each month. The projected monthly flow of the at-risk population of long-term recipients out of the aided population and into the time-limited population is shown in Figure 16.

VULNERABLE PARENTS

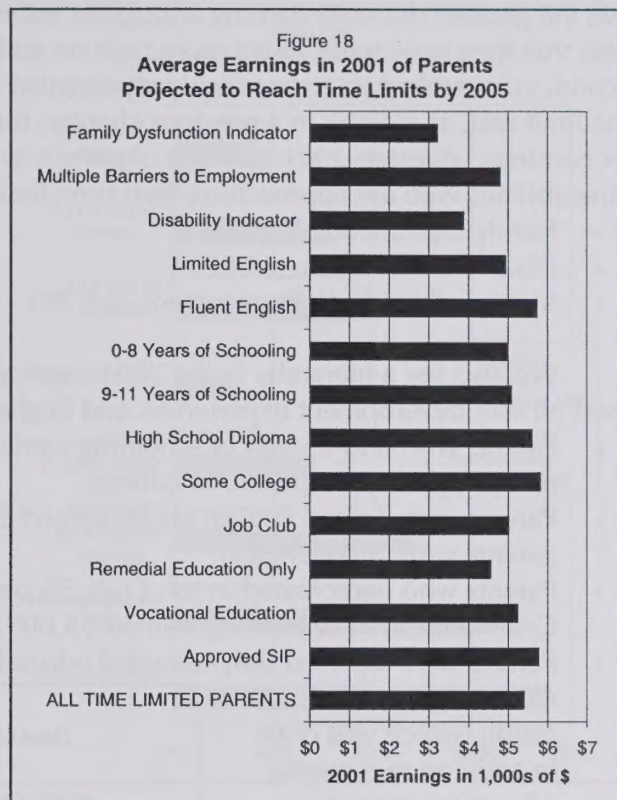
If the rate of detection and exemption for vulnerable parents continues to remain the same, 65 percent of all parents projected to reach time limits by the end of 2005 will have vulnerabilities that create bleak prospects for self-sufficiency, as shown in Figure 17. The break down by type of vulnerability (with some parents falling into more than one category) is as follows:

- 15 percent have indicators in their case records of family dysfunctions (domestic violence, mental health or substance abuse problems).
- 22 percent have disability indicators (disability flag or exemption from GAIN for incapacity or the responsibility to care for a disabled family member).
- 51 percent have multiple barriers to employment (two or more years on welfare or unemployed before entering GAIN and no high school diploma).

The share of the population reaching their time limits comprised of vulnerable parents is projected to grow from 56 percent in 2003 to 70 percent in 2005. The greatest share of this growth is projected to be among parents with disability indicators – increasing from 13 percent in 2003 to 28 percent in 2005.

EARNINGS

Parents who are projected to reach their time limit by the end of 2005 had average annual earnings in 2001 of \$5,391. At least two factors account for the low earnings shown in Figure 18. First, this is the sub-population of welfare parents who



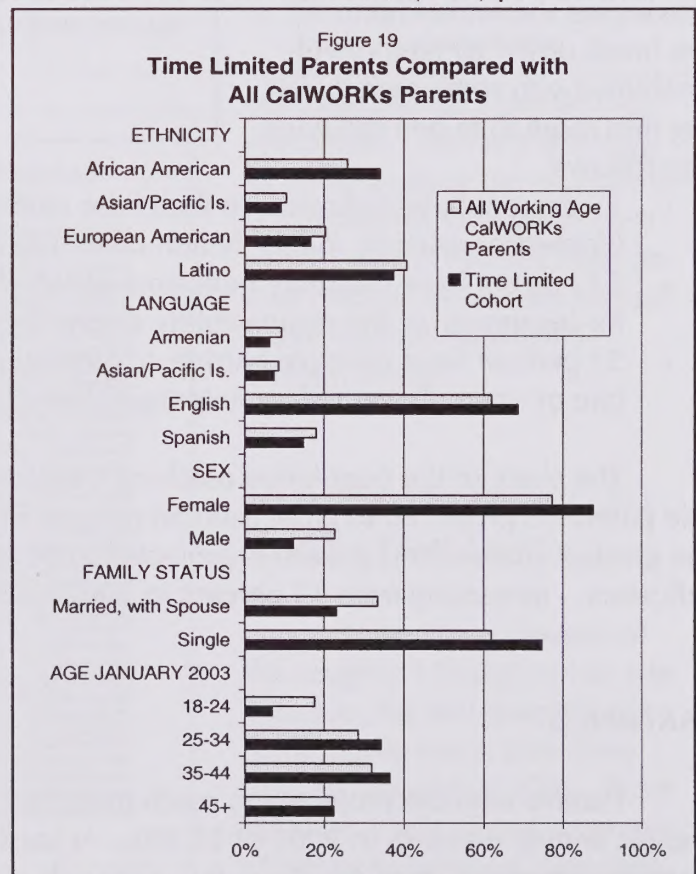
have the greatest difficulty earning enough to leave welfare, as would be expected given that they have spent much more time on welfare than most aided parents. Second, vulnerable parents are highly represented among persons reaching their time limit and, as we saw in a previous chapter, these parents typically have very low earnings. Average 2001 earnings of parents with different types of vulnerabilities who are approaching their time limit were:

- Family Dysfunctions - \$3,213
- Disability Indicators - \$3,875
- Multiple Barriers to Employment - \$4,795

We also see a hierarchy in the 2001 earnings of parents facing time limits based on skill development experiences and English ability.

- Parents with 0 to 8 years of schooling earned \$4,971 compared to \$5,808 for parents with any exposure to college.
- Parents with limited English ability earned \$4,930 compared to \$5,730 for parents with fluent English.
- Parents who participated in Job Club, 55 percent of whom also received GAIN education or training, earned \$5,009.
- Parents who received only remedial education earned \$4,549, parents who received vocational education (which was often in addition to remedial education) earned \$5,230, and parents who were approved for a self-initiated training program (SIP) earned \$5,765.

This earnings hierarchy offers comparatively modest earnings advantages to the better-educated parents in this group. Many of these parents face barriers other than simple lack of education and skills because even those with comparatively high levels of education still had very low earnings. The earnings prospects for parents projected to reach time limits by the end of 2005 appear bleak.



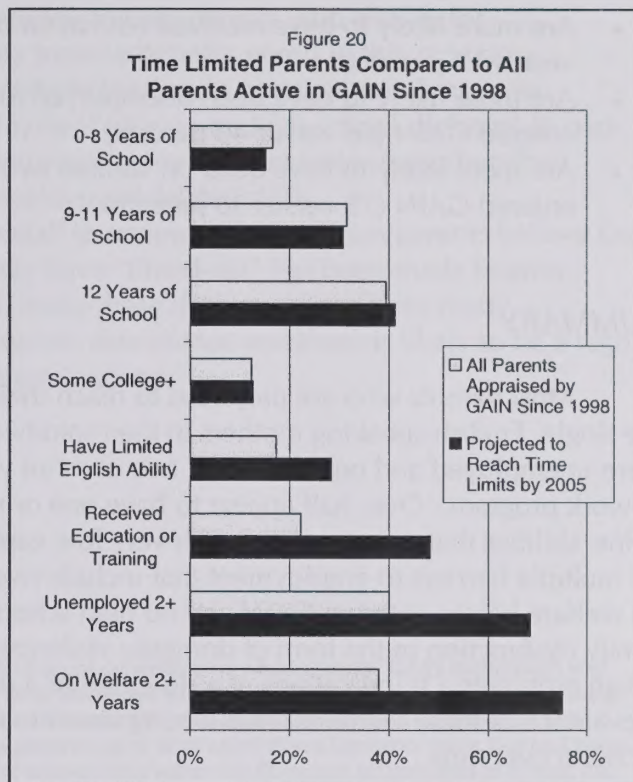
ATTRIBUTES OF PARENTS FACING TIME LIMITS

What distinguishes parents who are projected to reach their time limit from other parents who receive welfare? Figure 19 compares the parents projected to reach their time limit by the end of 2005 with all working-age parents who received CalWORKs benefits in September 2003.⁷ Parents projected to reach their time limit differ from other welfare parents in the following ways:

- More are African American (34 versus 26 percent). African Americans appear to be the only ethnic group that is over-represented among time-limited parents.
- More are English speakers (69 versus 62 percent). The over-representation of African Americans accounts for the over-representation of English speakers.
- More are female (88 versus 77 percent).
- More are single parents (75 versus 62 percent).
- More are between 25 and 44 years of age (71 versus 60 percent). This is accounted for the low percent of parents approaching time limits who are under 25.

We can gain additional insights about parents projected to reach their time limit by comparing this group to the overall population that has participated in GAIN to the extent of having had at least one appraisal since 1998. This is a smaller group than the overall CalWORKs population but we have information about their skills and work histories that is not available for the overall population. This comparison is shown in Figure 20. It shows that parents approaching their time limit:

- Have an educational profile that is very similar to the overall welfare-to-work population;
- Are more likely to have limited English ability (28 versus 17 percent).



- Are more likely to have received education or training while in GAIN (22 versus 11 percent).
- Are more likely to have been unemployed for two or more years when they entered GAIN (68 versus 40 percent).
- Are more likely to have been on welfare two or more years when they entered GAIN (75 versus 38 percent).

SUMMARY

Most parents who are projected to reach their time limit by the end of 2005 are single, English-speaking mothers in their mid-twenties through mid-forties. Most were unemployed and on welfare for two or more years before entering a welfare-to-work program. Over half appear to have one or more of three types of vulnerabilities that are associated with very low earnings. These vulnerabilities are (1) multiple barriers to employment that include two or more years unemployed or on welfare before entering GAIN and no high school diploma, (2) indications of a family dysfunction in the form of domestic violence, mental health or substance abuse problems, (3) indications of a disability or a disabled family member. The prevalence of these vulnerabilities among time-limited parents is projected to increase over time.

Even though almost half of the parents projected to reach their time limit by 2005 received at least some education or training while in GAIN, many have problems that are more challenging than simple skill development. As they stand today most of these parents are very poorly prepared to become self-sufficient. This group's average annual earnings of \$5,391 in 2001 was only 38 percent of the poverty threshold for a mother with two children.

The good news is that welfare parents will reach their time limit in small monthly increments, not in a single wave – there is still time to help most parents achieve better employment outcomes. Specific actions that could be expected to improve the future that awaits parents approaching their time limit include:

1. Carefully screen long-term welfare recipients, for example all recipients who received aid in 1998 or 1999 and are still in CalWORKs, for domestic violence, mental health, substance abuse, or disability-related problems.
2. Provide exemptions for parents found to have any of these problems.
3. Facilitate utilization of appropriate clinical services by parents with domestic violence, mental health or substance abuse problems.

4. Provide effective advocacy to help parents who qualify for Supplemental Security Income benefits enroll in this program.
5. Enroll parents with multiple barriers to employment (long-term welfare, sparse employment history, no high school diploma) in part-time training, part-time employment programs to strengthen their work histories and employment-related skills.
6. Provide ombudsman staff to review cases in which parents believe the determination that they have “timed-out” has been made in error. The data files used to make these determinations have many inaccurate and incomplete data entries and there is likely to be a high error rate in these determinations.

ENDNOTES

¹ To determine how much time each parent had spent on welfare we used parents' GAIN registration and deregistration dates from the GAIN History File to determine the amount of time they had received welfare, and what proportion of the time this represented between the earliest and latest dates each parent had received welfare since January 1, 1998. The percentage of time within these bookend dates that had been spent on welfare was applied to the amount of unused time within the 60-month lifetime limit to project the date when welfare benefits would be exhausted.

² Time spent on welfare, while limited by the 60-month, lifetime time limit specified by current law, is not always accruing. Months that may not count against the time limit clock include those when the parent was disabled for at least 30 days, was taking care of a child that was a ward of the court or a foster risk, received no cash assistance, were a victim of domestic violence, was sanctioned (and therefore did not get cash aid), or turned 60 years of age. Persons 60 years and who are eligible for TANF/CalWORKs cannot be timed off of aid.

³ We estimate that very few families had their cash aid fully repaid through child support and that the omission of this factor does not have a significant effect on our projections.

⁴ There were 5,959 parents with clock-stopping exemptions out of the population of 93,049 used to project time limit dates.

⁵ GAIN registration and deregistration dates are not always the same as time on and off of welfare. There are some circumstances in which individuals can be deregistered from GAIN but continue to receive welfare. We used registration and deregistration dates because within the data available for this study, these data fields provided the best indicator of time on and off of welfare. A comparison of registration and deregistration dates with case termination dates for a sample extract of cases showed close similarity between the two types of markers. It should be noted that when compared with the actual number of parents who had reached time limits when this report was completed in 2003, our analysis understates rather than overstates the actual number who exhausted their five-year lifetime limit on welfare.

⁶ Our analysis of the relationship of exemption intervals to registration and deregistration intervals was based on a case-by-case review of a 3 percent random sample of at-risk parents with exemptions. This approach was used because the exemption dates for a parent were typically repeated multiple times with different date elements missing in different iterations, making it problematic to integrate GAIN exemption

data with GAIN registration data. The exemption interval overlapped any portion of a GAIN registration interval in only 33 percent of exemption cases, and when these overlaps occurred they were typically very small. For the sample of parents with exemptions that we analyzed, the instances when exemption intervals overlapped registration intervals had the effect of turning the clock back on 4.8 percent of their days on the welfare clock. However, since parents with clock-stopping exemptions made up only 6.4 percent of parents at risk of time limits, the net effect is to turn back the clock for the overall population by only 0.31 percent.

⁷ The information for the total population that received CalWORKs benefits in September 2003 comes from the Department of Public Social Services LEADER Person file. This file contains basic demographic information such as age, ethnicity, language and family structure. It does not contain information about education and work history. This information is only available for the more limited population of parents that have had GAIN appraisals. In extracting records from the LEADER file we defined “working age” as 18 through 64 years.

Welfare-to-Work Strategies

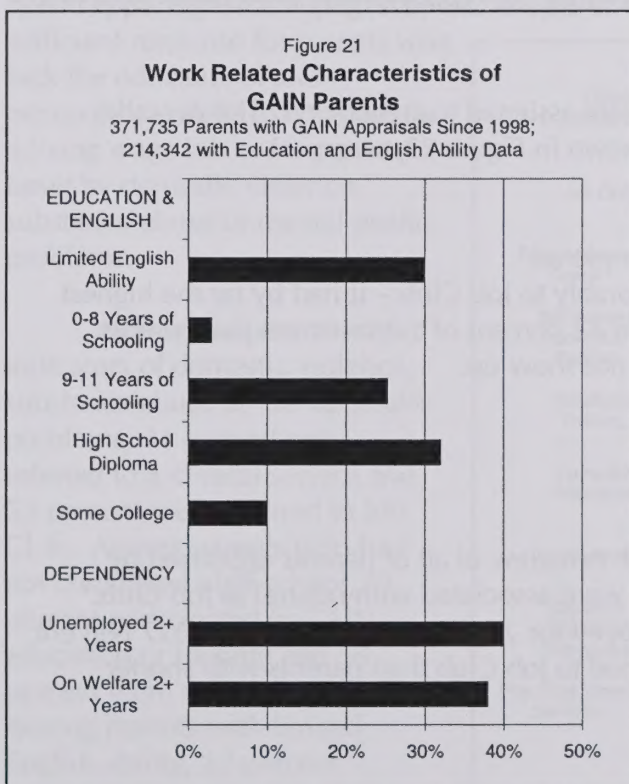
THE FIVE-YEAR WINDOW

An urgent consequence of welfare reform has been to limit states and counties to a five-year window of opportunity for equipping parents to become self-sufficient. What are the work-related needs of welfare parents? How has Los Angeles County used its five-year window to address those needs?¹

Fifty-eight percent of the approximately 372,000 parents who have participated in the county's welfare-to-work program (to the extent of having at least one appraisal meeting) since welfare reform took effect at the beginning of 1998 have limited English ability or lack a high school diploma.² Another 32 percent have high school diplomas. And an additional 10 percent have some level of exposure to college (Figure 21).

In terms of entering the labor market based on a history of autonomy versus a

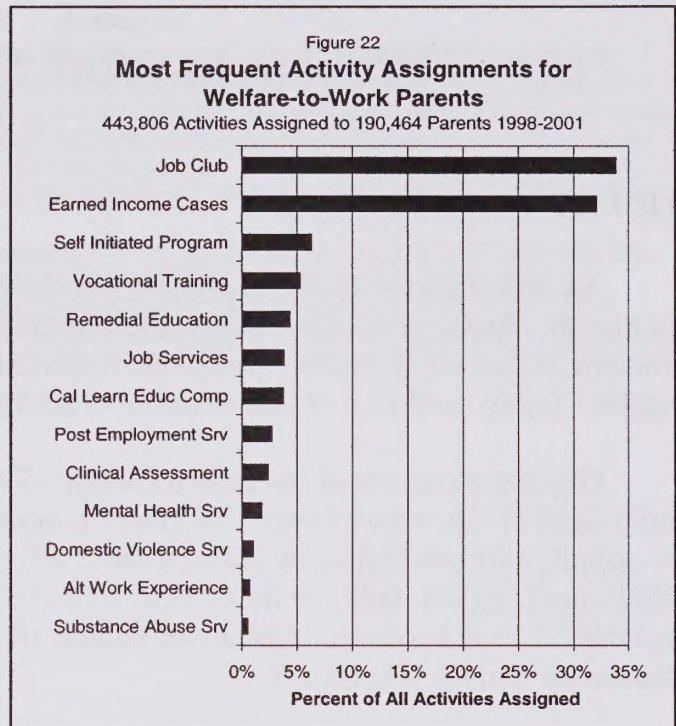
history of dependency, 38 percent had been on welfare for two or more years and 40 percent had been unemployed for two or more years when they entered GAIN. Thirty percent had both liabilities – they had been unemployed and on welfare two or more years before entering welfare-to-work.



Clearly, many parents are poorly equipped to bring their families out of poverty based on the assets they bring to the labor market. Over half lack the basic prerequisite for most jobs of a high school diploma and the ability to speak English, the language of the mainstream economy. And

nearly a third have histories of extended dependency. Altogether, 54 percent of appraised parents have had one or more of these human capital deficits.

Job Club, which provides three weeks of motivational and job-seeking training, has been the program most frequently used – accounting for one-third of GAIN assignments from 1998 to 2001.³ This can be seen in Figure 22. Education and training activities have accounted for one-fifth of assignments.⁴ Clinical assessment and treatment has accounted for one-seventeenth of all assignments. A review of the activity assignments for each year from 1998 through 2001 shows that the GAIN service delivery strategy remained largely unchanged over this period.



What happened after parents were assigned to an activity? The overall outcomes for GAIN assignments, as shown in Figure 23, were:

- One-quarter were completed
- One-quarter were no-shows⁵
- One-half were begun but not completed

Parents appear to respond most unfavorably to Job Club – it had by far the highest no-show rate of any GAIN program. In 42 percent of the instances that parents were assigned to this activity they did not show up.

JOB CLUB

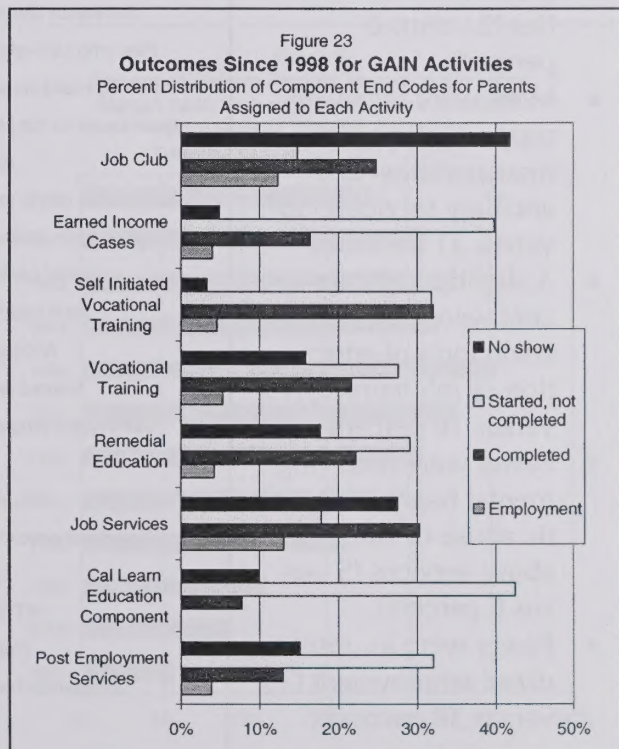
Who gets assigned to Job Club? A review of all of parents appraised by GAIN found that the following factors were associated with referral to Job Club:⁶

- Parents who had been unemployed for 24 or more months were 627 percent more likely to have been assigned to Job Club than parents with shorter durations of unemployment.⁷

- Parents with indicators for domestic violence, mental health or substance abuse problems were 131 percent more likely to have been assigned to Job Club.
- Parents with financial sanctions in their records were 36 percent more likely to have been assigned to Job Club.
- Parents who had received GAIN education or training were 11 percent more likely to have been assigned to Job Club.
- Younger parents were 7 percent more likely to have been assigned to Job Club. For example, the assignment rates to Job Club for parents 30 to 39, 40 to 49 and 50 to 59 years of age were, respectively, 38, 35 and 27 percent.
- Parents with a disability indicator, either a disability flag or an exemption because of incapacity or care taking responsibility, were 12 percent less likely to have been assigned to Job Club.

These factors associated with assignment to Job Club reflect the design of the GAIN program - Job Club is the first and primary response to parents who have problems getting a job. The underlying factors we see associated with having problems getting a job and thereby being assigned to Job Club include: a weak work history, low educational achievement and personal problems that interfere with employment. Job Club may well be the program of choice for parents who need support for making an entry into the labor market. But clearly it is not a sufficient response for parents who lack the educational and occupational skills to compete for a living wage job or for parents beset by domestic violence, substance abuse or mental health problems.

Among the parents with indicators of domestic violence, substance abuse or mental health problems, 31 percent were referred to a clinical service and 55 percent were referred to Job Club. Among parents who had not completed high school, 31 percent participated in GAIN education or training and 54 percent were referred to Job Club. Among parents with limited English ability, 22 percent



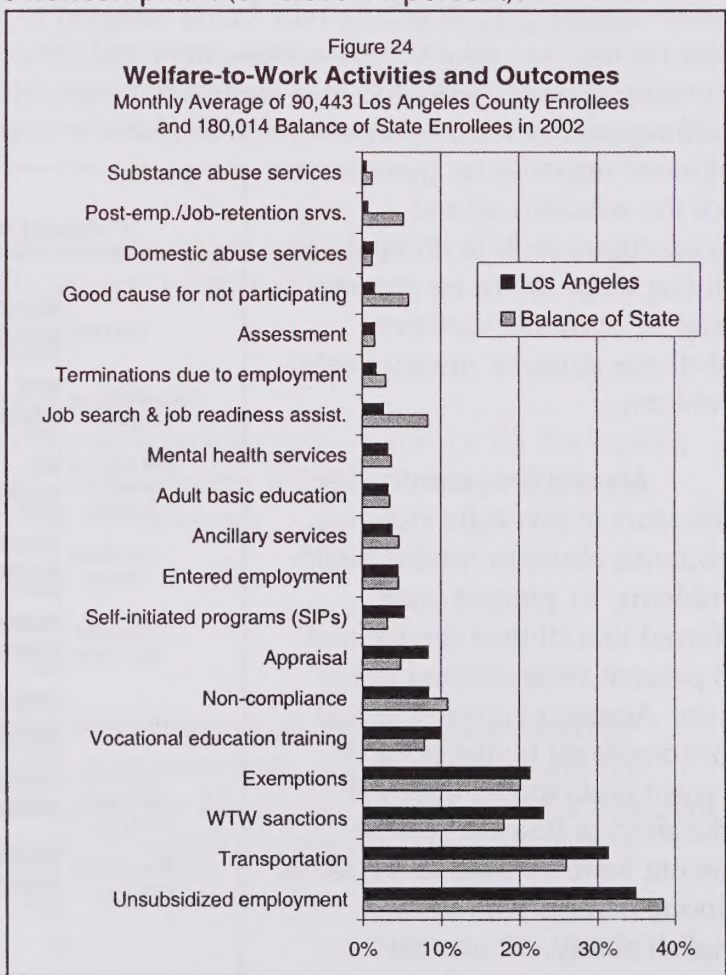
participated in GAIN education or training and 49 percent were referred to Job Club.

LOS ANGELES COMPARED TO THE BALANCE OF CALIFORNIA

How do the array of activities and outcomes for parents in Los Angeles County compare to those for parents in the rest of the state? A monthly average of 90,443 Los Angeles County welfare-to-work parents in 2002 is compared to 180,014 parents in the balance of California in Figure 24. This profile is from a monthly report to the state and provides information about all parents enrolled in mandatory welfare-to-work employment-preparation activities.⁸

Welfare-to-work looks very much the same in Los Angeles County as in the rest of the state, with the following exceptions:

- More parents experienced sanctions in Los Angeles than in the rest of the state (23 versus 18 percent).
- Fewer were deemed to be noncompliant (8 versus 11 percent).
- Fewer were approved for having good cause for not participating in welfare to work activities (2 versus 6 percent).
- More were receiving supportive services (transportation and ancillary services) (35 versus 31 percent).
- A slightly higher percent were assigned to some form of education or job training (19 versus 18 percent).
- Fewer were receiving mental health, domestic abuse or substance abuse services (5 versus 6 percent).
- Fewer were in unsubsidized employment (35 versus 38 percent).



- Fewer were receiving post-employment job retention services (1 versus 5 percent).

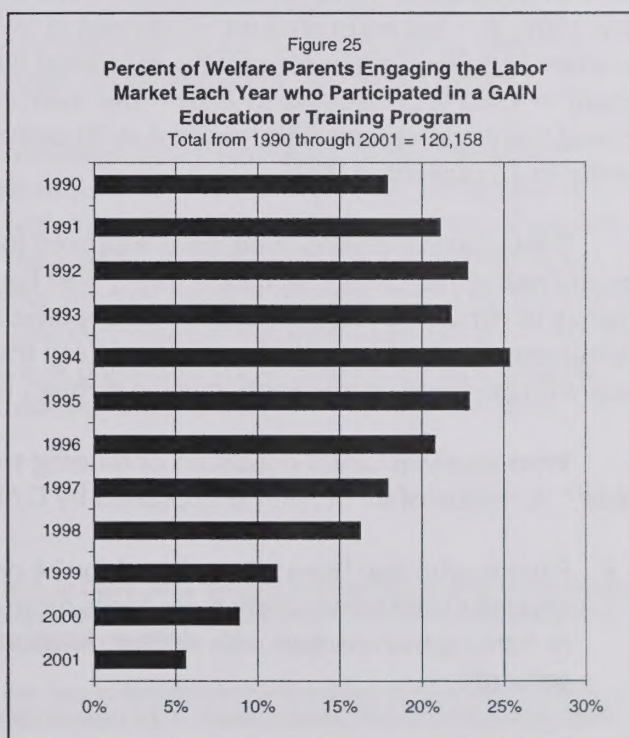
This comparison with other California counties suggests that Los Angeles is making a slightly stronger effort than is typical for other counties in the state to improve parents' educational skills and that it is providing an above-average level of supportive services. The level of clinical services for family dysfunctions is very modest; the share of the county's CalWORKs caseload getting clinical services in an average month is 20 percent lower than in the balance of the state. Los Angeles uses sanctions aggressively, with a sanction rate about 28 percent higher than the rest of the state. One consequence is that fewer parents are deemed noncompliant. Another consequence is that fewer parents are acknowledged to have good cause for not participating in welfare-to-work activities. One worrisome bottom line outcome is that Los Angeles has a below-average percent of parents in unsubsidized employment.

EDUCATION AND TRAINING

How big was the share of welfare parents who received education or training before engaging the labor market? Participation in GAIN education or training peaked at 25 percent of welfare-to-work parents in 1994 and declined to 6 percent in 2001, as shown in Figure 25.⁹

What is the actual number of parents in each annual cohort engaging the labor market who had received education or training? The number of parents receiving education or training grew steadily from 1,521 in 1990 to 17,315 in 2000, and then dropped to 16,471 in 2001, as shown in Figure 26.

The growth through 2000 in the number of training slots used by welfare parents is noteworthy. However, the number of parents moving through Cal-



WORKs and engaging the labor market grew dramatically from 1990 through 2001; consequently the growth in training activity was greatly outpaced by the growth in the number of parents moving through CalWORKs and into the labor market. Despite steadily increasing the number of parents who have received training, the GAIN system has not demonstrated the capacity to maintain old training benchmarks, much less improve upon them, as increasing numbers of parents have moved through the welfare-to-work system.

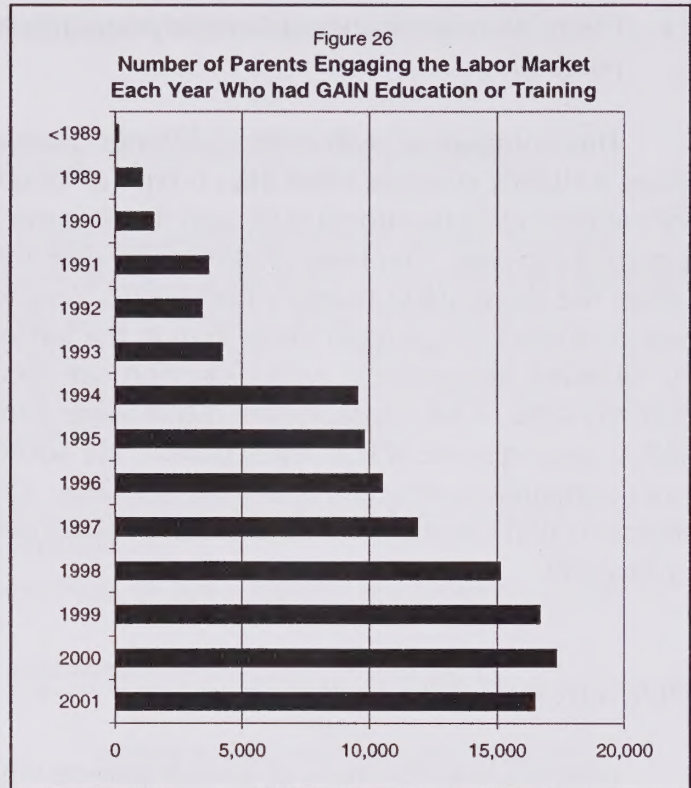
What kind of education or training have parents received?¹⁰

Over half of education and training has been in the form of remedial education. Since 1998, this has accounted for 53 percent of all education and training activity. The share of training accounted for by vocational education grew steadily from 7 percent in 1990 to 35 percent in 2001. The share of training accounted for by self-initiated training programs (SIPs) peaked at 30 percent in 1994 and then shrank steadily to 13 percent in 2001.

If the share of parents who were approved to undertake SIPs had remained constant rather than been reduced, it might well have been possible to use the initiative of parents in finding educational opportunities to expand the inventory of training resources. This could have helped keep the level of training activity at parity with the number of parents moving through the system.

Who received GAIN education or training since CalWORKs began in 1998?¹¹ A review of all of parents appraised by GAIN found that:¹²

- Parents who had been unemployed for 24 or more months when they entered GAIN were nearly three times more likely to participate in education or training than parents with shorter durations of unemployment (13 vs. 36 percent).



- Parents who had been on welfare for two or more years when they entered GAIN were two and one-half times more likely to participate in education or training than parents with shorter welfare histories (14 vs. 35 percent).

The parents assigned to an education or training program were typically those who had the greatest difficulty finding and keeping a job. This is borne out by the heavy emphasis on remedial education.

SUMMARY

Fifty-four percent of the welfare parents who have been appraised since CalWORKs began in 1998 have been poorly equipped to bring their families out of poverty based on the human capital assets they brought to the labor market. These parents lacked a high school diploma, had limited English ability, or had histories of extended dependency. Job Club has been the principal tool for helping parents overcome these difficulties and often, it would appear, an inappropriate tool. Nearly twice as many parents with indications of domestic violence, mental health or substance abuse problems have been referred to Job Club as to a clinical service. Nearly twice as many parents without a high school diploma or with limited English ability have been referred to Job Club as have participated in education or training. Job Club is an inappropriate response to the needs of parents who lack the educational and occupational skills to compete for a living wage job or who are beset by problems of domestic violence, substance abuse or mental health.

The number of parents who received GAIN education or training before engaging the labor market increased steadily until 2000, however this growth in training activity did not keep pace with the rapid increase in the number of parents entering the labor market. One of the reasons why training activity did not keep pace with the growing pool of parents needing training was the declining share who were approved to undertake SIPs. This increasingly less used training option has the advantage of harnessing the initiative of parents in locating training opportunities and is an under-utilized tool for expanding the inventory of training resources.

ENDNOTES

¹ The perspective that the five-year life-time limit on CalWORKs benefits represents a window of opportunity for the communities of which welfare families are a part as well as the families themselves was suggested by Leonard Schneiderman in a meeting on December 13, 2002.

² 371,735 unduplicated parents had at least one face-to-face meeting with welfare-to-work staff in which information about them was collected from 1998 through 2001. Some of these parents had participated in

GAIN during earlier years and were still participating, or re-enrolled, after CalWORKs took effect at the beginning of 1998. As discussed elsewhere, there was another large population of parents who never had an appraisal meeting with welfare-to-work staff. 214,342 of the parents for whom we have appraisal data from 1998 onwards have data in their records about their level of education and English ability.

³ This information is based on GAIN component codes shown in the GEARS component file. There were 443,806 component assignments for 190,464 unduplicated parents from 1998 through 2001. Individuals are often assigned to more than one component, and often assigned to the same component, such as Job Club, more than once.

⁴ Not all parents who are assigned to an activity actually participate in it. The numbers shown throughout this report for parents who received GAIN education or training reflect the percent that actually participated in (but did not necessarily complete) these skill development programs.

⁵ One unexpected outcome shown in the graph of outcomes for GAIN activities is that 5 percent of the parents who were earned income cases (i.e., were assigned to work at a job they had found) were no shows. This outcome information comes from the GEARS component end code for those assignments. It may reflect parents who thought they had a job, but the job did not materialize, or parents who left their jobs.

⁶ The Nagelkerke R Square value for these 6 factors is 0.25. All of the factors are significant (i.e., have probabilities that the outcome is the result of random chance rather than differences between the groups being compared) at the 0.001 level. Percent probabilities listed in the text are estimated odds ratio ($\exp(B)$) minus 1.

⁷ This outcome reflects the design of the GAIN program. All parents who attend orientation and appraisal and who are not enrolled in an approvable Self-Initiated Program, or who are not employed or do not need a supportive services referral, are assigned to Job Club.

⁸ These are reports submitted for January through December 2002 to the California Department of Social Services. The data is from two reports: "WTW 25 - CalWORKs Welfare-to-Work Monthly Activity Report -All (Other) Families" and "-Two-Parent Families."

⁹ These percent figures represent the share of those who received GAIN education or training out of all parents referred to the county's welfare-to-work program, including the majority who never took part in GAIN activities. Elsewhere in this report similar rates for education and training have been given based just on parents who were active participants (i.e., were appraised) in GAIN. The rate of education and training for appraised parents is significantly higher than the rate for the overall population of welfare-to-work parents, because all training takes place within the pool of appraised parents. It should be noted that the criterion for determining whether parents had received education or training were: (1) the Current School Status Flag in the GAIN Appraisal file, (2) the Component code in the GAIN Component file, and/or (3) an approved SEP, SIP or SIT in the GAIN Appraisal file.

¹⁰ If parents received more than one type of training we counted them in the highest training category that they achieved, based on a progression from lowest to highest of: remedial education, vocational education, self-initiated training program (SIP).

¹¹ We identified parents who received education or training based on the (1) the Current School Status Flag in the GAIN Appraisal file, (2) the Component code in the GAIN Component file, and/or (3) an approved SEP, SIP or SIT in the GAIN Appraisal file. The parents we identified as participating in an education or training program did not necessarily complete the program, but at least began it.

¹² The Nagelkerke R Square value is 0.12. All of the factors are significant (i.e., have probabilities that the outcome is the result of random chance rather than differences between the groups being compared) at the 0.001 level. Percent probabilities listed in the text are the estimated odds ratio ($\exp(B)$) minus 1.

Impacts of Education and Training

INTRODUCTION

How much did welfare parents with different skill development backgrounds earn in 2001? There are nearly a quarter of a million people for whom we have (a) education, (b) training, and (c) earnings data who have gone through Los Angeles County's welfare-to-work program since CalWORKs began in 1998. This is an exceptionally rich body of information for learning about the actual value of education and training for parents moving from welfare into the regional labor market. The data shows a clear earnings hierarchy associated with skill development that supports two conclusions: (1) higher levels of education are linked to higher earnings; (2) welfare parents who engage in skill development as adults have better prospects for self-sufficiency. These seemingly straightforward conclusions emerge from six successive layers of analysis in this chapter:

The first three layers of analysis explore the value of education for the overall population of welfare parents. Three questions are addressed:

1. What is the earnings distribution among welfare parents based on their English ability and years of schooling?
2. What is the earnings distribution among welfare parents based on their skill development experience while in GAIN?
3. How do the before-and-after earn-

Table 8

Distribution of GAIN Educational Experiences for Parents who Entered CalWORKs from 1998 to 2001

222,192 Appraised Parents and 644,378 Total CalWORKs Parents
 Parents shown in unduplicated groups based on their highest level of GAIN education or training (excluding parents with dysfunction or disability indicators)
 Parents with family dysfunction or disability indicators excluded from GAIN education and training cohorts and shown separately

	Percent of All Appraised Parents	Percent of All CalWORKs Parents
NO EDUCATION OR TRAINING		
No Assessment or Education Referral	67.0%	78.3%
Assessed but No Education Referral	4.5%	1.6%
No Show for Remedial Educational	1.0%	0.3%
REMEDIAL EDUCATION		
Started Remedial Educational	4.2%	1.4%
Completed Remedial Educational	1.8%	0.6%
VOCATIONAL EDUCATION		
Assessed and enrolled in Vocational Educ.	1.0%	0.3%
No Assessment; enrolled in Vocational Ed.	3.5%	1.2%
SELF-INITIATED TRAINING PROGRAM		
SIP Approved	1.5%	0.5%
TOTAL GAIN EDUCATION OR TRAINING		
Any type of GAIN Education or Training	11.9%	4.1%
VULNERABLE PARENTS		
Family Dysfunction or Disability Indicator*	15.7%	15.7%

*Prevalence of family dysfunction or disability indicators in the total CalWORKs population was estimated based on the prevalence among appraised parents.

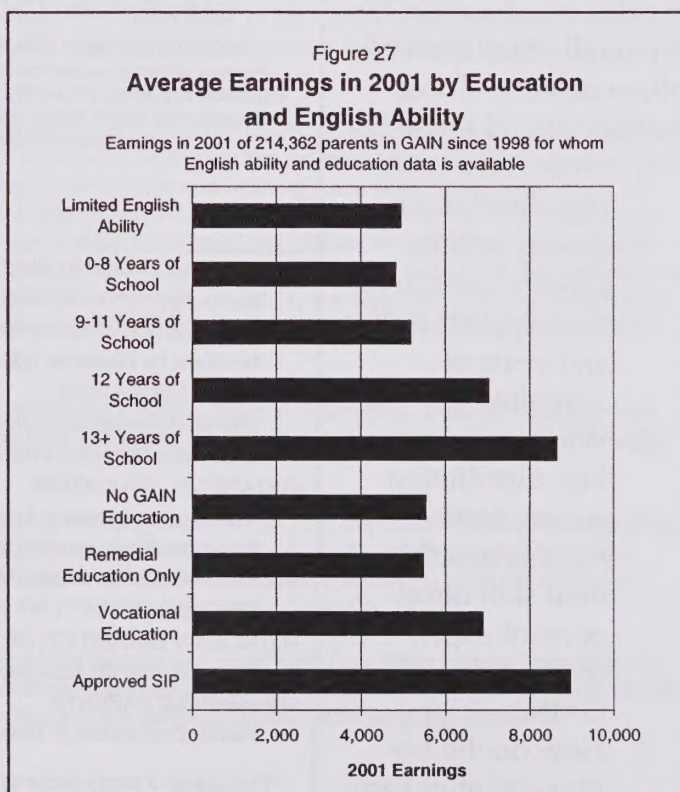
ings histories of welfare parents who received GAIN education or training compare to those who were untrained?

The following three layers of analysis explore the value of education for subpopulations of parents as well as the overall region. Three questions are addressed:

4. What is the earnings distribution within homogeneous subgroups of welfare parents based on their skill development experience while in GAIN?
5. If we compare highly homogeneous subgroups who had exactly the same level of education after GAIN, was GAIN training associated with higher levels of earnings?
6. What impact would an increase in the number of welfare parents who receive education or training have on the regional economy?

To investigate the connection between skill development experiences in GAIN and higher earnings after GAIN we divided 222,192 parents who participated in GAIN appraisal from 1998 through 2001 (out of a total of 644,378 parents who entered CalWORKs during this interval) into nine mutually exclusive, training-related groups that include the entire population, as shown in Table 8. The first eight groups represent a progression from least to most educational involvement. The ninth group is made up of 16 percent of parents who had indications of a disability or family dysfunction in their records. Some of these parents participated in education or training activities but because they typically had very low earnings they were removed from the other groups for this analysis.

Twelve percent of parents appraised by GAIN since the beginning of CalWORKs in 1998 have participated in a skill development program. However, only 35 percent of the parents referred to GAIN since 1998 have made it through the appraisal process, so when we look at this total population of 644,378 parents entering CalWORKs during this period, only 4 percent participated in a GAIN skill



development program. For the remainder of this chapter we focus on appraised parents, because this is the population for whom we have detailed educational and demographic data.

SKILLS AND EARNINGS

How much did parents with different levels of education as well as different types of GAIN skill development experiences earn in 2001? An earnings hierarchy can be seen in Figure 27, which shows average 2001 earnings for 214,362 appraised parents who participated in welfare-to-work from 1998 through 2001 and for whom we have educational data. Average annual earnings were:

- \$4,949 for parents with limited English ability (30 percent of parents, average of 8.5 years of school).
- \$4,8213 for parents with fluent English and 0 to 8 years of education (3 percent of parents, average of 6.0 years of school).
- \$5,18 for parents with 9 to 11 years of education (25 percent of parents, average of 10.5 years of school).
- \$7,025 for parents with 12 years of education (32 percent of parents).
- \$8,641 for parents with some level of college education (10 percent of parents, average of 13.9 years of school).
- \$5,539 for parents who did not participate in GAIN education or training (78 percent of parents, average of 10.3 years of school).
- \$5,473 for parents who participated in remedial education (11 percent of parents, average of 10.6 years of school).
- \$6,886 for parents who participated in vocational education (7 percent of parents, average of 11.7 years of school).
- \$8,958 for parents approved for self-initiated training programs (SIPs) (4 percent of parents, average of 11.9 years of school).

The average earnings of all of these education and training cohorts are below the poverty threshold, but parents with English fluency and higher levels of education as well as parents who participated in GAIN education or training clearly demonstrated the greatest progress in moving toward self-sufficiency.

EARNINGS BEFORE AND AFTER EDUCATION AND TRAINING

How do the before-and-after earnings histories of welfare parents who received GAIN education or training compare to those who were untrained? Two remarkable things stand out when we look at parents for whom we have appraisal data and compare those who received education and training to those who did not.¹

First, the parents who got education or training have pre-GAIN histories of lower average earnings than parents who did not get training. Second, the parents who got training have higher post-GAIN earnings than those who did not get training but who had previously earned the most. This striking reversal of earnings outcomes is shown for six annual cohorts of parents entering the labor market from 1995 through 2000 in Figures 28 through 33.

The remarkable transformation of earnings outcomes shown in Figures 28 to 33 includes the earnings of 349,031 appraised parents who engaged the labor market from 1995 through 2000, 81,295 of whom had participated in an education or training program and 267,736 of whom had not. Within each of the six annual cohorts, parents who received GAIN education or training had lower pre-GAIN earnings and higher post-GAIN earnings. The lower pre-GAIN earnings reflect the practice of referring parents to GAIN only after

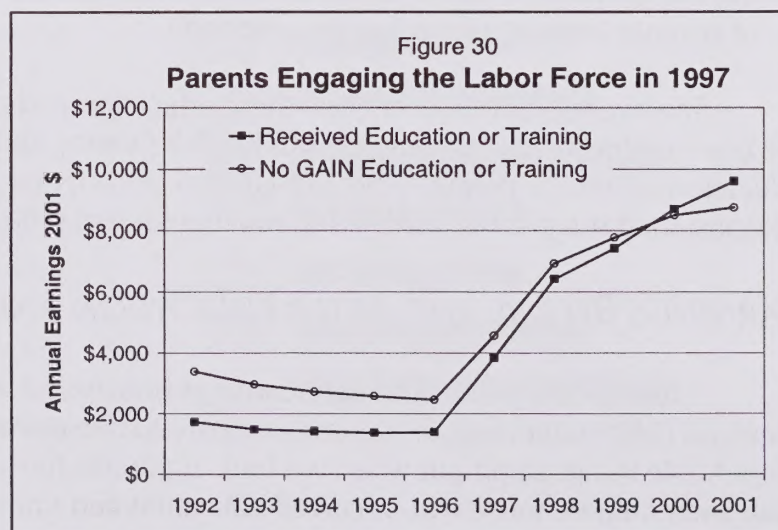
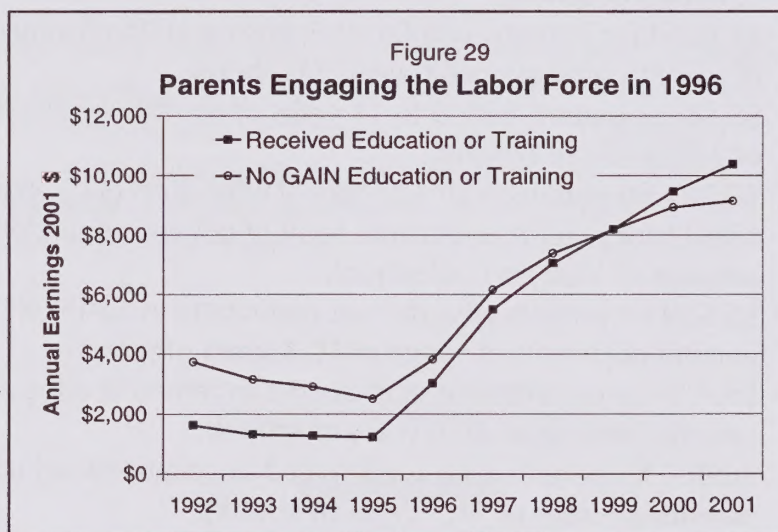
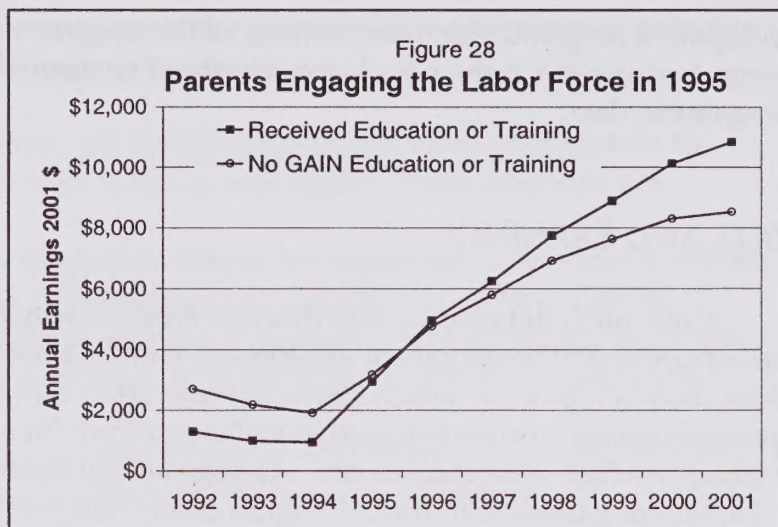
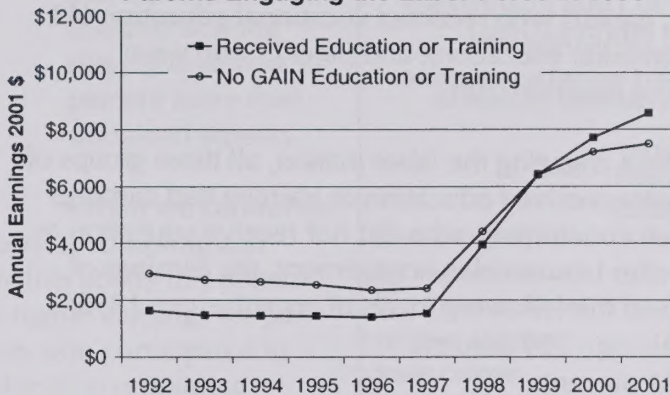


Figure 31

Parents Engaging the Labor Force in 1998

other less intensive program strategies such as Job Club have failed to result in minimally acceptable levels of employment. Parents who received education and training appear to have been seen by the GAIN program as those who were least likely to succeed, rather than those most likely to succeed.

Figure 32

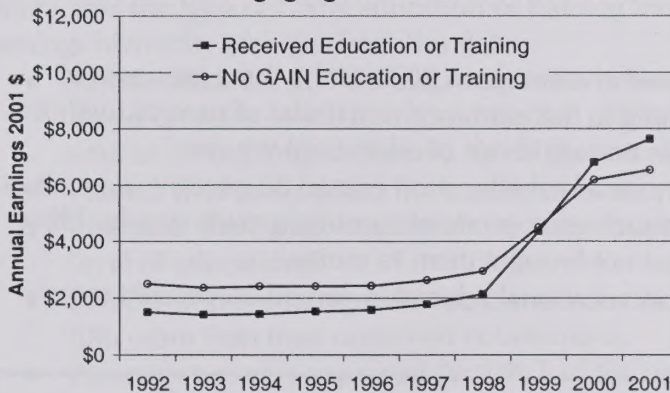
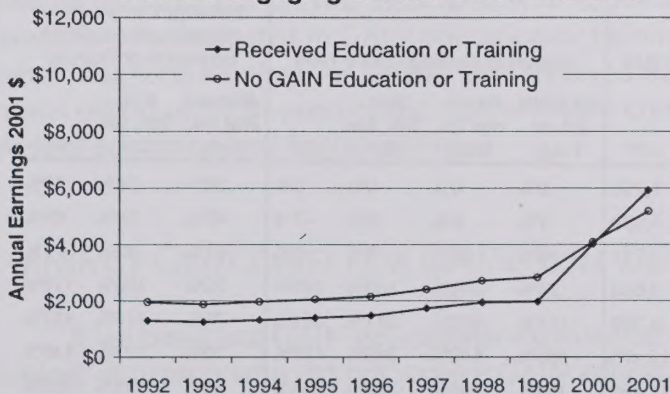
Parents Engaging the Labor Force in 1999

Figure 33

Parents Engaging the Labor Force in 2000

Yet the experience of being an adult learner, of acquiring new knowledge and skills in anticipation of entering the labor market, appears to awaken possibilities for continued growth and development that endure for years after leaving school or training. This awakening of possibilities for growth and of accelerated progress toward self-sufficiency among parents who received education or training can be seen in outcomes of parents who engaged the labor market in 1998, as shown in Table 9. The earnings trajectories within 1998 cohort were typical of the six annual cohorts shown in Figures 28 to 33. In

Table 9, earnings of parents who did not receive GAIN education are compared with three groups of parents who did receive education or training: parents who received just remedial education, parents who received vocational education (43 percent of whom also received remedial education), and parents who were approved for a self-initiated training program (SIP).

In 1995, the third year before engaging the labor market, all three groups of parents in the 1998 cohort who later received education or training had earnings that were much **lower** than of their counterparts who did not receive education or training. In 2001, the third year after labor market engagement, the earnings of these four groups of parents showed the following levels of **growth** since 1995:

- No GAIN education or training - 194 percent.
- Vocational education - 363 percent.
- SIP - 555 percent.
- Remedial education only - 596 percent.

All three groups with GAIN training had much greater growth in earnings than untrained parents.

When we compare the **level** of earnings in 2001 of the three groups who participated in education or training to the untrained remainder of parents (*without* controlling for differences in their average levels of education) we see:

- Parents who received only remedial education earned 86 percent as much as untrained parents. Their much greater rate of earnings growth was building off of a lower base and had not brought them to parity.
- Parents who participated in vocational education earned 35 percent more than untrained parents.

Year of Earnings	Average Annual Earnings in 2001\$				Change in Earnings Since 1995				Earnings Compared to Parents without GAIN Education or Training		
	No GAIN Ed. or Trng.	Remedial Ed. Only	Voc. Ed., No SIP	SIP	No GAIN Ed. or Trng.	Remedial Ed. Only	Voc. Ed., No SIP	SIP	Remedial Ed. Only	Voc. Ed., No SIP	SIP
1995	2,548	925	2,179	1,754	0%	0%	0%	0%	36%	86%	69%
1996	2,358	981	2,019	1,639	-7%	6%	-7%	-7%	42%	86%	69%
1997	2,421	1,227	1,977	1,711	-5%	33%	-9%	-2%	51%	82%	71%
1998	4,423	3,180	4,419	5,093	74%	244%	103%	190%	72%	100%	115%
1999	6,406	4,797	7,436	8,792	151%	418%	241%	401%	75%	116%	137%
2000	7,214	5,703	9,135	10,475	183%	516%	319%	497%	79%	127%	145%
2001	7,493	6,441	10,099	11,486	194%	596%	363%	555%	86%	135%	153%

- Parents who participated in self-initiated training programs earned 53 percent more than untrained parents.

When we control for years of schooling and English ability this pattern of higher earnings for parents who participated in education or training programs is even clearer.

The average 2001 earnings of all of parents with GAIN appraisals from 1998 through 2001 are shown in Table 10, broken down by years of schooling, English ability, and the type of GAIN education or training they received. The following earnings hierarchy emerges from this data:

- Within all of the skill development cohorts there is an earnings hierarchy based on years of schooling and English ability. Parents with higher levels of education and English fluency had higher earnings.
- Parents who participated in remedial education had earnings at parity with, or greater than, their untrained counterparts with the same English ability or level of educational.
- Parents who participated in vocational education typically earned about one-fifth more than their untrained counterparts.
- Parents who were approved for SIPs had the highest earnings, averaging about 50 percent more than their untrained counterparts.

The experience of acquiring new knowledge and skills in anticipation of entering the labor market was associated with above-average earnings for most parents who participated in GAIN education or training programs. This pattern of higher long-term earnings for parents who received training holds true within every annual cohort of GAIN parents and also when we compare parents with similar levels of education and English ability.

Table 10
Earnings in 2001 of Welfare Parents With and Without GAIN Education or Training

Average Annual Earnings in 2001 of All Parents Appraised from 1998 through 2001 based on Years of Schooling and English Ability

	No GAIN Education or Training	Remedial Education Only	Vocational Education, No SIP	SIP
Limited English	4,849	4,680	5,498	7,036
0-8 Years of School	4,488	5,363	6,259	7,418
9-11 Years of School	4,757	5,524	5,655	7,559
12 Years of School	6,625	6,822	7,227	9,375
Some College	7,941	7,921	9,107	10,934

EARNINGS OUTCOMES FOR GAIN SKILL DEVELOPMENT COHORTS

If we break out GAIN educational experiences in greater detail, how do the earnings of parents who did not receive GAIN education or training compare to

those of parents who had different types of training experiences? Four interesting trends emerge when we look at the skill development cohorts shown in Table 11 (and Table A-2 in the Appendix, which shows annual earnings from 1996 through 2001 for all labor force engagement cohorts from 1996 through 2001). In Table 11 we have averaged the outcomes for CalWORKs skill development cohorts who entered the labor market in 1998 and 1999, showing average earnings for each cohort two years before, during, and two years after labor force engagement, the percent change in earnings from two years before to two years after, and the average number of years of schooling for each cohort, both when they entered and when they left GAIN. What we see is:

1. Parents who have more education tend to get more education. There is a steady progression toward stronger connections with GAIN training activities among parents who have more years of schooling. Looking at parents' years of schooling when they entered GAIN, this begins with an average of 9.9 years of schooling for parents with no assessment or educational referral, and culminates at the high end with an average of 11.3 years of schooling for parents who developed, submitted and received approval for SIPs.
2. Among parents who were referred to any GAIN educational activity there is a progression toward higher earnings that corresponds with more years of schooling. Looking at the average years of schooling for parents in each

Table 11

Average Annual Earnings for Parents Engaging the Labor Force in 1998 and 1999 by Skill Development Cohort

Earnings in 2001 \$, School grade is the average of the highest grade shown in each parents appraisal file

Skill Development Cohorts Ranked by Strength of Connection to Skill Development Activities	Number of Parents	Average Annual Earnings 2 Years Before Labor Force Engagement	Average Annual Earnings in Year of Labor Force Engagement	Average Annual Earnings 2 Years After Labor Force Engagement	% Chg. in Income: 2 Years Before to 2 Years After Labor Force Engagement	Average of Years of Schooling	
						Avg. of Lowest Number Shown in Appraisal Record	Avg. of Highest Number Shown in Appraisal Record
Family Dysfunction or Disability	20,681	1,581	2,997	4,472	183%	9.4	10.2
No Assessment or Educ. referral	83,286	2,653	4,717	7,237	173%	9.9	10.2
Assessed but No Education Referral	5,961	2,875	5,253	8,904	210%	10.0	10.4
No Show for Remedial Educational	2,371	1,209	3,092	5,369	344%	10.2	10.6
Started Remedial Educational	8,883	1,116	3,112	5,272	373%	10.1	10.5
Completed Remedial Educational	4,708	1,355	4,206	7,885	482%	10.1	10.4
Assessed and Enrolled in School	1,595	1,908	3,846	8,092	324%	11.0	11.6
No Assessment; Enrolled in School	5,365	2,484	5,366	10,313	315%	11.4	11.7
SIP Approved	5,535	1,945	5,762	11,410	486%	11.3	11.8
TOTAL / AVERAGE	138,385	2,291	4,392	7,055	208%	10.0	10.4

cohort when they left GAIN we see that parents who were no-shows for remedial education had an average of 10.6 years of school when they left GAIN and earned an average of \$5,369 in the second year after they engaged the labor market. At the high end of this continuum, parents with approved SIPs had an average of 11.8 years of schooling and earned an average of \$11,410 in their second year in the labor market.

3. Educational advances appear to have been achieved by all groups of welfare-to-work parents – averaging about 40 percent of one grade level. Even parents not referred to GAIN training activities appear to make educational headway. Limited educational progress appears to be accompanying limited earnings progress throughout this population.²
4. Parents with any exposure to GAIN educational activities, even those who were no-shows for remedial education, had a much higher percent change in their earnings from the second year before to the second year after labor force engagement. Those completing remedial education and those with approved SIPs achieved the greatest wage growth, with earnings gains approaching 500 percent.

GAIN training is associated both with parents who have higher levels of education and with parents who have higher earnings. In the following sections we explore whether these general findings apply to all groups of parents and whether GAIN training alters the earnings outcomes among parents who have the same level of education.

EARNINGS OUTCOMES WITHIN SUBGROUPS OF WELFARE PARENTS

Does the connection between GAIN education and higher post-GAIN earnings hold true for all groups of welfare parents? In this second stage of our analysis we attempt to control for all of the observable differences in welfare parents that are identified in our data. We do this by breaking parents out into increasingly more discrete and homogeneous subgroups and then comparing earnings outcomes within these subgroups based on differences in GAIN educational experiences. These subgroups were created to control for observable characteristics that have been shown to affect earnings and yet leave parents in groups that are large enough to be statistically reliable.³ Parents with family dysfunction or disability indicators were excluded from the analysis.³ Subgroups were broken out based on:

- Family status: single- and two-parent families. This category identifies families in which a second helping adult may be present, many of which are immigrant families.

- English ability: fluent English speakers and parents with limited English ability. This category flags linguistically isolated parents, most of whom are recent immigrants.
- Dependency history: parents with two or more years unemployed or on welfare before entering GAIN and parents with less than two years of pre-GAIN unemployment or welfare. This category flags parents with histories of extended dependency and, consequently, greater barriers to employment.
- Age; parents who were 17 to 29 years of age when they engaged the labor market, parents who were 30 to 39, and parents who were 40 to 64. Younger parents often bring more energy and optimism to the labor market; older parents, particularly those with more than two years of welfare or unemployment, often continue to lose ground economically.
- Years of schooling: parents with 0 to 11 years of school, and parents with 12 or more years of school. Twelve years of schooling often marks a watershed that divides those with prospects for moving out of poverty from those with bleaker futures.
- GAIN educational experience: no GAIN education or training, remedial education, vocational education, and approved self-initiated programs (SIP).⁴ This breakout enables us to compare parents who did not receive GAIN education or training with those who received one or more types of training.

These six categories divide the GAIN population into 192 subgroups. In Tables A-3 to A-7 in the Appendix we divide each of these subgroups into five smaller groups, for a total of 960 subgroups, by breaking the GAIN population into five cohorts based on date of labor force engagement (1989-1993, 1994-1995, 1996-1997, 1998-1999, and 2000-2001). These categories were constructed to capture the most critical factors that influence earnings while still creating subgroups that are large enough to be reliable.⁵

Two broadly consistent patterns are seen throughout Tables A-3 to A-7 in the Appendix. First, there is a universal pattern that within every family status-English ability-dependency history-age cohort, parents with 12 or more years of schooling earned more than their counterparts with 11 or fewer years of schooling.

Second, there is a pervasive pattern of progressively higher earnings within each subgroup, beginning with the lowest earnings among parents who had no GAIN education or training, next-to-the-lowest earnings among parents who participated in remedial education, next-to-the-highest earnings among parents who participated in vocational education, and the highest earnings among parents with approved self-initiated programs.

The center of gravity for this population is single parents with fluent English who were on welfare or unemployed two or more years before entering GAIN – these parents make up more half of the total population. About half of this group (one-quarter of the total population) is made up of parents of all ages with less than 12 years of schooling. Among these parents there typically was about \$1,000 in added earnings with each step up the GAIN education ladder, with the lowest earnings among those with no GAIN education or training, and progressively higher earnings among those with remedial education, vocational training and, finally, those with approved SIPs. Parents with approved SIPs typically earned about 50 percent more than their counterparts without GAIN training.

A similar earnings progression was found among the quarter of the population made up of single parents with fluent English who were on welfare or unemployed two or more years before entering GAIN, but who had 12 or more years of schooling. The exception to this pattern was parents who were 29 years of age or younger and had participated in remedial education – they typically earned less than their counterparts with no GAIN education or training. This pattern showed up in several other subgroups and suggests that young parents who were sent to remedial education had significant skill deficits. When we look at the earnings histories in Table A-6, for example, in the Appendix of these subgroups of young parents who participated in remedial education we see that most began with extremely low earnings and demonstrated a much higher rate of earnings growth than their counterparts who did not have GAIN education or training.

The next largest cluster of subgroups is made up of parents with limited English ability who were on welfare or unemployed two or more years when they entered GAIN. About half of this group was in single-parent families and the other half in two-parent families. All of the subgroups in this cluster demonstrate the same earnings progression, with the exception again of parents 29 years of age or younger who participated in remedial education, and again these parents had a much higher rate of earnings growth than their counterparts who did not have GAIN education or training.

The final cluster was made up of parents with the best prospects for self-sufficiency – those with fluent English, less than two years on welfare or unemployed before entering GAIN, and 12 or more years of schooling. These parents (in both one- and two-parent families) accounted for about 10 percent of the total population. These parents had the highest earnings of any cluster, and also demonstrated an earnings progression associated with participation in GAIN education or training. Younger parents who participated in remedial education had slightly lower earnings but a much higher rate of earnings growth (shown in Tables A-3 to A-7) than their counterparts who did not have GAIN education or training.

Findings from this analysis that are useful for understanding the benefits that different groups of parents have derived from education and training include:

- Within virtually every subgroup, parents who were approved for self-initiated programs (SIPs) achieved the highest long-term earnings. This program option should be encouraged.
- Parents in every age group, with either limited or fluent English, and 12 or more years of school who received GAIN vocational training typically had above-average earnings.
- Most parents who participated in remedial education had histories of extremely low earnings and typically had the highest rate of earnings growth of any skill-development cohort, although the earnings of most still remained below average.
 - Parents who were under 30 years of age achieved the greatest earnings gains.
 - Parents with 12 or more years of earnings typically achieved earnings that at least reached the overall average for welfare parents.
 - Parents who were over 30 years of age and had less than 12 years of schooling typically had below-average earnings even after participating in remedial education. Approximately 60 percent of these parents have limited English ability. There appears to be a need to develop improved training programs for these parents.
- Parents who were under 40 years of age, fluent in English, had 12 or more years of education and no major skill deficits, and had spent less than 2 years on welfare or unemployed before seeking work typically had above-average earnings even without the benefit of GAIN education or training, although those with GAIN education or training fared even better.
- Parents in every age group who had limited English ability, 11 or fewer years of education and had spent 2 or more years on welfare or unemployed before seeking work, and who did not receive GAIN education or training typically had below-average earnings outcomes.

There is a statistically reliable association between receiving GAIN education or training and achieving higher long-term earnings for subgroups of the welfare population that encompass 93 percent of the parents who went through the county's welfare-to-work program from 1989 through 2001.⁶ This validates the conclusion that education and training are associated with higher earnings among nearly all groups of welfare parents. This is true for education that parents received prior to entering the welfare-to-work program as well as education received under the auspices of the program. This pattern of outcomes holds true for all cohorts of

parents who entered the labor market following participation in welfare-to-work programs from 1989 through 2001.

EARNINGS OUTCOMES FOR PARENTS WHO ARE ADULT LEARNERS

We have seen that higher levels of education are associated with higher earnings, but does it make a difference if some of this education was acquired as an adult learner in GAIN? When we control for as many differences among parents as possible, do those with GAIN education or training have higher earnings than parents with the same attributes and years of education who were not trained? Earlier in this chapter we suggested that developing educational and vocational skills while enrolled in welfare-to-work activities appears to be linked to a higher rate of earnings growth and higher overall earnings than are found among parents without these experiences. To test this idea we analyzed outcomes within the largest homogeneous group in this population, consisting of 33,828 appraised parents (14,560 of whom received GAIN education or training) who were:

- Female
- Single parents
- Fluent in English
- On welfare or unemployed for two or more years before entering GAIN
- In the cohort that engaged the labor force in 1998 and 1999

Within this population we broke parents into subgroups that controlled for three additional factors:

- Age
- Specific years of schooling
- GAIN educational experience

What we see when we look at these cohorts in Table A-9 in the Appendix, matched by age and years of school is:⁷

- 81 percent of parents who participated in GAIN education or training had higher earnings in 2001 than their untrained counterparts.
- 98 percent had greater earnings growth between 1996 and 2001 (2 years before labor force entry compared to two years after) than their untrained counterparts.
- 51 percent of those with remedial education had higher average cohort earnings than their untrained counterparts.
- Earnings of parents with remedial education grew 224 percent more than their untrained counterparts between 1996 and 2001, but their average earnings in 2001 were \$198 lower.

- 100 percent of those with vocational education had higher average cohort earnings than their untrained counterparts.
- Earnings of parents with vocational education grew 127 percent more than their untrained counterparts between 1996 and 2001, and their average earnings in 2001 were \$1,497 higher.
- 100 percent of those with approved SIPs had higher average cohort earnings than their untrained counterparts.
- Earnings of parents with approved SIPs grew 297 percent more than their untrained counterparts between 1996 and 2001, and their average earnings in 2001 were \$3,277 higher.

In summary, yes, parents who participated in GAIN education or training programs had higher earnings and more growth in earnings than closely matched parents who did not receive training. This was particularly true for parents with vocational education or approved SIPs. There is a statistically reliable association between receiving GAIN education or training and achieving higher long-term earnings when we control for every documented characteristic of welfare parents and compare parents with exactly the same number of years of schooling.⁸

We have demonstrated that within nearly every subgroup of welfare parents, most of those who received GAIN education or training had higher earnings than those who did not receive training. It is important to note, however, that this does not prove that every welfare parent is amenable to or will benefit from education and training. In the next chapter we explore the issue of self-selection and how patterns of self-selection can provide information for significantly increasing the number of parents who receive education or training. There is good reason to believe that a much higher percent of parents would benefit from education and training than have previously participated in these programs.

PROJECTED IMPACTS ON THE REGIONAL ECONOMY OF MORE EDUCATION AND TRAINING

What would happen if more parents received education or training before they were required to find jobs or in conjunction with part time employment? If we look at average annual growth in earnings of parents of parents who entered labor market from 1996 through 2000:

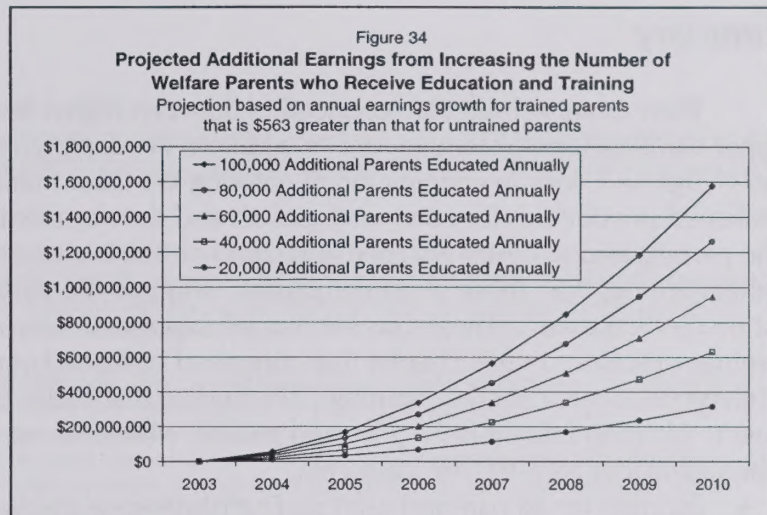
- Parents who did not receive GAIN education or training increased their earnings by an average of \$1,229 a year.
- Parents who did receive GAIN education or training increased their earnings by an average of \$1,792 a year.

- Earnings of parents who received education or training increased by an average of \$563 more a year than the earnings of untrained parents.

By projecting this annual increment of \$563 additional dollars of earnings on different numbers of welfare parents we can estimate the impacts of additional education and training on the regional economy. These projections are shown in Figure 35, based on providing training for an additional twenty, forty, sixty, eighty and one hundred thousand welfare parents a year. We see, for example, that training an additional 60,000 parents a year would generate an estimated additional \$945,685,739 in payroll in the county by 2010. Applying the standard economic multipliers, this additional payroll would generate:⁹

- As parents spent their higher earnings the multiplier effects would expand the county's economy by 44 percent, resulting in \$1,362,054,359 in additional economic output in the county economy.
- 4.8 percent of this economic growth would come to local government as additional revenue, for an additional \$65,771,749 in taxes for local government.
- An additional new job would be created for each \$120,935 in increased economic activity, resulting in an additional 11,263 jobs in the county.

This scenario demonstrates that increasing the education, and thereby the earnings, of welfare parents can have a significant effect on the regional economy. There is no reason to believe that the county's welfare-work-program has exhausted the pool of parents who would benefit from education or training. Parents have been assigned to these programs as a last rather than first resort, based on their poor work outcomes. It is realistic to anticipate similarly promising outcomes if half rather than one-tenth of parents receive education or training.



Summary

There is an indisputable connection between higher levels of education and higher earnings for welfare parents. In addition, the experience of acquiring new knowledge and skills in anticipation of entering the labor market appears to have awakened possibilities for continued growth and development within most parents who participated in GAIN-assigned education or training programs that resulted in higher earnings than those of similar parents who had the same level of education but no GAIN training. These conclusions are supported by a series of analyses of earnings outcomes in this chapter that compared untrained parents to those who received GAIN education or training. The finding that better educated parents, parents who were fluent in English, and parents who received GAIN education had achieved higher earnings are based on:

- Earnings for all parents based on English fluency and years of schooling.
- Earnings for all parents based on GAIN educational experience.
- The before-and-after earnings histories of parents who received GAIN education or training compared to those who were untrained.
- Earnings for all parents in 2001 based on English fluency, years of schooling and GAIN educational experience.
- Earnings outcomes among all subgroups of welfare parents controlling for family status, English ability, dependency history, age, years of education and date of labor force entry.
- Earnings outcomes among all subgroups of welfare parents controlling for the factors above as well as sex and the exact number of years of education.

It is noteworthy that within virtually every subgroup, parents who were approved for self-initiated programs (SIPs) achieved the highest long-term earnings. This program option should be encouraged.

When we look at the entire population of parents who participated in GAIN from 1996 through 2000, the earnings of those who received GAIN education or training grew by an average of \$563 more each year than those of untrained parents (\$1,792 vs. \$1,229 in earnings growth). Improving the level of education and vocational skills of welfare parents is a reliable strategy for increasing their earnings.

ENDNOTES

¹ This comparison contrasts parents who participated in remedial or vocational education, or a self-initiated training program (SIP) with those who did not participate in a GAIN skill development program.

² This apparent overall increase over time in the level of education among welfare parents should be examined more closely. It is possible that this apparent increase, particularly among parents who were not assigned to a GAIN education or training program, may be the consequence of gathering more complete case information and adding it to case records rather than actual changes in levels of education.

³ Parents with family dysfunction (domestic violence, mental health or substance abuse) or disability-related indicators typically have very low earnings. These parents often need clinical services, long-term case management, or long-term income maintenance. These needs are not addressed through skill development, and therefore these cases were excluded from this analysis of skill development impacts. 71,782 parents, or 14.3% of the total population, had family dysfunction or disability indicators and were removed from the population studied in this analysis.

⁴ The group with no GAIN education or training includes parents who were no-shows for educational assignments. The remedial education group includes parents with educational component codes (from the GAIN Component file - which primarily denote remedial education) and no current school status codes (which primarily denote vocational education). The vocational education group includes parents with current school status codes (from the GAIN Appraisal file) indicating full- or part-time classroom or vocational training. The three groups with educational experience (remedial and vocational education and SIP) include parents who began a program and dropped out as well as those who completed the program.

⁵ Records that could not be coded for all seven variables as well as records with suspect earnings or family dysfunction or disability indicators were excluded from the analysis. Out of 508,011 parents who engaged the labor market from 1989 through 2001: 5,525 or 1.1% had suspect earnings and were removed, then 71,782 or 14.3% were removed because of family dysfunction or disability indicators, then 186,334 or 36.7% were removed because of missing data fields (nearly all of this attrition was the result of cases that did not have data for years of schooling). This left 244,370 cases that were included in the analysis.

⁶ Chi-square contingency tests showed that across the various combinations of family structure, English fluency, age and education, we can reject the null hypothesis that GAIN education and training is independent of long-term earnings outcomes and conclude that there is a statistical relationship between participation in education or training and long-term earnings. The significance level for this relationship was <0.05 for subgroups encompassing 93% of parents who participated in GAIN from 1989 through 2001. The 7% of parents in subgroups for whom this relationship had significance levels >0.05 were largely individuals with limited English ability and less than 2 years spent on welfare or unemployed. These test results are shown in Table A-8 in the Appendix.

⁷ All comparisons are within the same age and education cohorts. Averages are weighted by the size of the cohorts that received GAIN education or training.

⁸ The linear regression was conducted using the 33,827 records summarized in Table A-12. The equation for the linear regression model is:

$$Y = a + b_1 * X_1 + b_2 * X_2 + b_3 * X_3$$

Y is the dependent variable, Total Annual Earnings in 2001 rounded to the nearest whole dollar

(a) is the constant

(b₁ to b₃) are the slopes of each independent variable, that is change in Y for each unit change in X

(X₁) is the first independent variable, Age on day of labor force engagement rounded to the nearest year

(X₂) is the second independent variable, Number of years of school completed when leaving GAIN

(X₃) is the third independent variable, GAIN skill development cohort:

- 1 No GAIN education or training
- 2 Remedial education only
- 3 Vocational education (and possibly prior remedial education)
- 4 Approved for self-initiated training program (SIP)

Coefficients:

	<u>Unstandardized Coefficients</u>		<u>Standardized Coefficients</u>		
	B	Std. Error	Beta	t	Sig.
(Constant)	-6269.239	649.319		-9.655	.000
Age	-74.577	7.319	-.056	-10.190	.000
Years of School	1414.099	54.659	.140	25.871	.000
GAIN skill development cohort	1019.660	55.009	.102	18.536	.000

⁹ These impacts are based on the IMPLAN input-output model for Los Angeles County in 2000. The scenario attributed the added earnings to consumption by households earning \$10,000-\$15,000 per year.

Examining the Research Behind “Work First”

OVERVIEW

How useful has the research underlying welfare reform been in producing insights that help welfare parents become self-sufficient? In this chapter we explore this question by reviewing research conducted by Manpower Demonstration Research Corporation (MDRC) in Los Angeles County that has shaped welfare reform policies, both through content and interpretation, in ways that we have concluded are detrimental to the self-sufficiency of welfare parents and to the regional economy.

MDRC reviewed a preliminary summary of issues raised by the Economic Roundtable regarding their 1996 research project in Los Angeles County and responded with their comments. These comments help identify differences between the Roundtable and MDRC regarding *what* we have learned and *how* we can learn about strategies that are most effective for helping welfare parents become self-sufficient. MDRC's comments are reproduced in the following chapter.

We approach this review of welfare-to-work research by:

- Describing the Economic Roundtable's conceptual framework regarding economic self-sufficiency for welfare parents;
- Presenting criticisms about the manner in which MDRC's research has been used to validate the work-first program model;
- Discussing three major areas of disagreement with MDRC;
- Reviewing MDRC's 1988-1990 research that was interpreted as discrediting the county's education-focused welfare-to-work program;
- Exploring the issue of self-selection and the role of parents as free agents in influencing their own educational outcomes;
- Revisiting MDRC's 1996 research project that has been interpreted as validating the work-first program model;
- Discussing the ethical obligations that accompany research on welfare parents in Los Angeles County.

CONCEPTUAL FRAMEWORK OF THE ECONOMIC ROUNDTABLE

The Economic Roundtable's conceptual framework about welfare reform and the inter-relationship between individual and regional economic progress draws on

our previous work, the findings of others, and societal values about how individuals can achieve economic progress and how research can contribute to knowledge.

Key elements of our conceptual framework include:

1. There is a strong inter-relationship between individual and regional economic progress. The overall lack of jobs, especially jobs paying living wages, in the Los Angeles region has restricted the opportunities for welfare parents to find employment and rise out of poverty. Similarly, a lack of workers with needed skills or the capacity to work steadily at their jobs has had a powerful influence on the types of industries that can flourish in the region. A proliferation of unskilled workers has reinforced a low-wage, low productivity regional growth path, which in turn has further limited opportunities for welfare parents to become self-sufficient.
2. Welfare reform can be viewed as the enactment of a new bargain between the nation's poor families and their government - "you must go to work to support your children and government (federal and state acting through the county) will assist you in overcoming the barriers impeding your successfully entry into the labor market at a livable wage." In assessing the "success" of welfare reform it seems appropriate to measure the extent of change in both the efforts put forth by parents and in the level and adequacy of services they receive.¹
3. One of the challenges of welfare reform has been to mobilize parents to participate in the labor market. The most significant accomplishment of welfare reform to date in Los Angeles County has the doubling of the employment rate among welfare parents. About half of welfare parents are now employed at any given point in time.
4. The pervasive failure of gainfully employed welfare parents in Los Angeles County to find a path out of poverty contributes to income polarization and sows seeds of despair and alienation that can lead to social unrest.
5. The costs and benefits of welfare programs go beyond the easy to measure sizes of budgets and caseloads to include measures of family well being. "Welfare" is a program for poor children deprived of adequate parental support. It exists because our society has accepted responsibility for the well being of poor children. It is not a program to assist adults except as they are responsible for the support of children. The region and all of its residents will benefit if it offers genuine opportunities for families to advance and sustain themselves, but it will be compromised by a growing contingent of families who are permanently poor.

6. Guiding principles for conducting research to increase our knowledge about how to effectively help poor parents rise out of poverty include:²
 - a. The research must pose worthwhile questions that can be investigated empirically.
 - b. It must be linked to an overarching conceptual framework that guides the investigation, which it builds on, refines, and possibly replaces.
 - c. It must use research methods that are appropriate for and effective in addressing the research question. In the case of welfare reform, experimental designs are likely to be inappropriate during periods of rapid program development and change when the program model is in flux. Sound conclusions are not possible if an experimental variable is differently applied in different places during the full cycle of the experiment.³
 - d. It must offer a logical chain of reasoning that connects research evidence with the conceptual framework.
 - e. Research is tested, clarified and validated through replication, scrutiny and criticism. Criticism and debate of ideas are essential for building knowledge.

CRITICISM

The work first motto in Los Angeles County has been, "a job, a better job, a career." Since Los Angeles County adopted this program model in the mid-1990s, most welfare parents who are assigned to GAIN are directed to Job Club (a short-term motivational and job search program) and then begin looking for work. This program model is a low-cost, self-help approach to welfare reform.

Our central criticism of MDRC's research is that it has provided unwarranted validation of the "work first" strategy of immediate job placement and reliance on work experience as the means by which parents are expected to become self-sufficient. This strategy supplanted an earlier program model in Los Angeles County that placed greater emphasis on education and training, and has obstructed implementation of initiatives to integrate work experience with education and training.⁴ In our view, this policy shift is an outgrowth of misplaced precision.

MDRC's research was carefully designed to produce very reliable evidence and, as is often the cases with such research, produced evidence that is very narrow

in scope. Yet in the real world of welfare, administrative decisions must be made, even if there is not clear evidence to inform the decision makers about many critical elements of the decision. It is our assessment that this vacuum has been filled by drawing overly broad inferences from MDRC's evidence and using those inferences to shape the culture and operating practices of the county's welfare-to-work program.

The role of MDRC's research in validating this approach is illustrated by a press release issued by the Department of Public Social Services concurrently with MDRC's release in 2000 of an evaluation report on its 1996 research cohort.⁵ The press release stated:

"This report provides concrete evidence that our decision to move from an education-first approach to one that emphasizes immediate job placement was indeed the right one."⁶

A press release on the same research project that was issued two years earlier by the Secretary of the U.S. Department of Health and Human Services, following an earlier evaluation report from MDRC on the 1996 research cohort, stated:

"The results are among the most impressive ever measured in a full-scale welfare-to-work program in a large urban area. Los Angeles County has the largest welfare population of any county in the nation – larger than any state except New York and California. The county made a major shift in its welfare to work program from primarily education and training for a small number of recipients to a work first focus for most of its recipients."⁷

In an early report on the shift to a work first model in Los Angeles County, MDRC said, "The story of how Los Angeles was able to refocus its entire welfare-to-work program on the goal of quick employment should give encouragement – as well as specific lessons – to others who are struggling to meet the challenges of reforming welfare in the nation's largest cities."⁸ MDRC reported that the new work first philosophy communicated to welfare parents by county staff included the following elements:

"Any job is a good job.

The best way to get a better job is to first get your foot in the door.

Even a minimum wage job is better than none at all.

You can get a job.

With the proper attitude and job seeking skills, anyone can find a job in Los Angeles.

Continued education may also be valuable.

You can get an education, but the best way is to get a job first, and then to go to school in the evenings.

If you go to school as part of GAIN, it will be short term, with the goal of getting you into a job quickly."⁹

This program philosophy is still firmly imprinted on Los Angeles County's welfare to work program. While there has been incremental change in the position voiced by MDRC regarding the need for human capital investments,¹⁰ this has not been mirrored by corresponding changes in the county's welfare program. The work first program model is well matched to the rule-driven welfare system that has emerged in Los Angeles County over the past three decades.

The shift to the work-first strategy began in Los Angeles County in 1993, after MDRC concluded in its evaluations that this approach had been successful in Riverside County.¹¹ The work-first model was judged successful because it had lower costs than training programs and because the modest earnings of welfare job seekers led to a reduction (or in a small percent of cases, discontinuance) of welfare benefits. This program shift moved the county along the same path that Congress followed in 1996 when it approved the new welfare reform legislation that took effect in 1998. However, the pre-welfare reform definition of "success" that led to a favorable evaluation of the work-first model (reduction in welfare payments) is different from the County of Los Angeles' criteria for success under welfare reform, which is achievement of long-term economic self-sufficiency by most parents.¹²

Implementation of the work-first model in Los Angeles County was chronicled by MDRC in a series of four reports released from 1997 through 2000 that discussed outcomes of the 1996 research cohort. A sampling of accolades for the county's work-first program contained in these reports includes:

1998 "By minimizing the provision of basic education and expanding job search services, which cost less, DPSS [Los Angeles County Department of Public Social Services] could serve more recipients at the same cost. Fieldwork by MDRC researchers indicated that DPSS was operating a mature Work First program by the start of the evaluation."¹³

1999 "Jobs-First GAIN benefited a broad cross section of the welfare caseload, producing impacts for recipients with the most as well as the

fewest barriers to employment, for people of different racial and ethnic backgrounds, and for recipients in all parts of Los Angeles County. Such consistency of impacts is not always found among Work First Programs.”¹⁴

2000 “[Jobs-First GAIN] increased welfare recipients’ employment and earnings to a greater extent and was more cost-effective from the standpoint of government budgets than the GAIN program that had preceded it. These are notable achievements for a large urban welfare-to-work program.”¹⁵

One of the particularly unfortunate consequences of holding fast to a work-first program model over the past five years was that the county under-utilized a significant amount of funding that was available from federal and state agencies for training welfare parents. There is now an emerging consensus about the need to place more emphasis on education and training, but these funds are no longer available and the budget shortfalls now facing the county and state make it unlikely that this level of funding for human capital investments will be restored in the near future.

The intuitively uncomfortable consequence of how MDRC’s research has been applied in Los Angeles County has been to put us in the position of telling our children, “go to school as much as you can and you will do well,” but telling welfare parents, “don’t go to school, it won’t make any difference.”

Under the county’s current welfare-to-work program welfare may be temporary but poverty is not. This is acknowledged in a recent report by MDRC on parents who left welfare after CalWORKs started. In describing outcomes for parents who had found jobs, the report states: “the majority of those working four quarters after exit were not earning enough to move their families above the poverty threshold.”¹⁶

DISAGREEMENT

Three conclusions articulated by MDRC in its comments in the next chapter and quoted below serve to highlight major areas of disagreement.

1. “One cannot infer whether the education and training group’s subsequent employment and earnings resulted primarily from their participation in these activities or from the combination of personal characteristics – observed and unobserved – that contributed to these individuals’ greater willingness and ability to participate in education and training and to their greater ability to find and keep jobs.”¹⁷

2. "The only reliable way to solve this 'selection' problem is to use a random assignment research design, the same kind of design that the Food and Drug Administration requires before approving new prescription drugs, and the very design that MDRC used in its study of the Los Angeles GAIN program."¹⁸
3. "Evidence from a large number of highly reliable random assignment studies suggests that education-first programs consistently produce smaller overall effects than work-first programs, typically cost twice as much, and are even less effective for high school dropouts. Thus, ERT's [Economic Roundtable's] recommendations could end up costing taxpayers more while further impoverishing welfare recipients. While these conclusions may seem surprising given the correlation between more schooling and higher earnings in the general population, on closer inspection there are a number of logical explanations for the disappointing effects of education-first mandatory programs, including high dropout rates, poor program quality, etc. – and the fact that none of these programs explicitly tests the effects of post-secondary education."¹⁹

In our view, MDRC's random assignment research design has produced evidence that is limited to comparing the outcomes of people exposed to the county's welfare-to-work program with those not exposed to it. This random assignment process worked as follows:

1. Parents who attended their first GAIN orientation session between April and September of 1996 were randomly assigned to either the experimental or control group of the research project.
2. The experimental group "had access to program services and messages and faced the [work first] program's mandatory participation requirements – and threat of financial sanction for noncompliance – whereas the control group did not."²⁰
3. The employment outcomes of the experimental and control groups were tracked and compared for two years.

The strength of this research model is that it makes it unlikely that differences in the employment outcomes of the experimental and control groups were caused by differences in the composition of the two groups. However, the model is not useful for telling us which parts of the county's program were successful and which parts were ineffective. It produces all or nothing evidence about the combined effect of all of the pieces of the county's program. In our view, this is not what the county needs. What the county needs is evidence about which state-of-the-art methodologies and strategies are effective for different sub-populations.

MDRC's use of drug testing as a metaphor for describing its research model bears examination. A drug test typically involves experimenting with the use of a single pure chemical compound (through random assignment in which use of the drug for some people is alternated with use of a placebo for others) to address a single type of biochemical anomaly or infectious agent in patients' bodies. In MDRC's metaphor, Los Angeles County's entire Department of Public Social Services and affiliated vendors is equated to a single drug. In reality, of course, this department is a complex, heterogeneous organization that varies according to the personalities within it, the settings in which they work, the resources available to them, and the regulations and policies that guide them. Despite all of this complexity, MDRC's research model provides evidence that seems to address just one question, much as a drug test might: was what this organization did more effective than doing nothing at all? That is, did the experimental group have better outcomes than the group that was left alone? This raises at least two difficulties.

First, we believe that MDRC has not tested the overall usefulness of education or job search programs, but instead has only tested the usefulness of education or job search programs as implemented for *specific populations* by the county welfare system. The education-focused program enrolled long-term, hard-to-employ welfare parents, while the work-first research project enrolled new entrants into welfare. The inferred question that MDRC seems to be addressing in quotation number 3 above is, are welfare parents educatable? Or, does our society's primary means of self-betterment (i.e., education) work for welfare parents? But at the end of the day we are not given the answers to these questions – at most we know that the county has been more successful in organizing job search programs than education programs. However, we are left with the broad skeptical inference that education may not work for welfare parents and that we need proof that it does work before we adopt it as a credible strategy for helping parents become self-sufficient.

Second, the approach of using random assignment experiments to validate welfare-to-work strategies seems to assume that welfare parents will develop toward self-sufficiency only through a command and control system in which they are compelled to undertake specific activities. This is probably the wrong approach for studying education. Rather than trying to assess the effectiveness of education as a prescriptive activity, the critical questions may well be: how do you discover who will benefit from it? How do you maximize self-selection toward this activity? If parents who self-select education and training have favorable employment outcomes, rather than writing this off as a scientifically tainted outcome, how do we assure that every parent who selects education/training has full access to it?²¹ And given the wide consensus within our society that education is beneficial, the key

policy question should be: how can we design and implement educational programs that reach more parents?

These are urgent and immediate questions. After five years of work-first, a majority of Los Angeles County's welfare parents have earnings below the poverty threshold. Month by month, more parents are exhausting their five-year lifetime limit for welfare benefits and the window of opportunity for helping them become self-sufficient is closing. It approaches class warfare to, in effect, tell welfare parents that the combination of education, work and earnings that enables other Americans to become self-sufficient does not apply to them and that they are fated to remain in poverty. What we can learn through research as well as from the wisdom of our society needs to be applied to identifying what is most likely to work and acting on the high expectation embodied in the nation's welfare reform legislation that it is possible to effectively help parents lift their families out of poverty.

In the preceding chapters of this report we have provided extensive evidence that welfare parents with higher levels of education, as well as parents with an educational experience as part of welfare-to-work, have higher earnings than their less educated and trained counterparts. We agree with MDRC that self-selection probably plays a role in determining which parents participate in education or training programs, however, we see this as something to understand and build upon. In the following sections of this chapter we explore: (1) flaws in MDRC's evaluation of Los Angeles County's education-focused welfare-to-work program, (2) skill development-related outcomes within many different subgroups of welfare parents, (3) how self-selection affects the educational outcomes of welfare parents and what this can tell us about targeting educational programs, (4) lessons that can be learned from MDRC's 1996 research cohort when we examine outcomes based on educational experiences, and (5) our ethical obligation to learn from the outcomes of parents who were subjected to this research.

MDRC'S EVALUATION OF LOS ANGELES COUNTY'S EDUCATION-FOCUSED PROGRAM

Beginning in 1988 and continuing through 1993, Los Angeles County conducted a welfare-to-work program that emphasized basic education. From March 1998 to June 1990, MDRC randomly assigned some of the parents coming to their first orientation meeting for this program to be research subjects in the experimental or control groups that were formed for MDRC's evaluation. Parents in the experimental group participated in the program; parents in the control group were excused from it. In 1994, MDRC released a critical evaluation of the program

that influenced the county to shift to a work-first program model. In this section we review the outcomes of that program and the validity of MDRC's critical evaluation.

One of the most distinctive features of the county's education-focused program was that most participants had very severe barriers to employment. All of the participants were long-term welfare recipients; almost all had received continuous assistance for three or more years. Characteristics of MDRC's research sample included:²²

- 81 percent of single parents and 92 percent of parents from two-parent families were in need of basic education because they did not have a high school diploma or had low test scores.
- 32 percent of single parents and 83 percent of parents from two-parent families were not proficient in English.
- Just 17 percent of single parents and 32 percent of parents from two-parent families had worked in the past two years.
- The average age was very high – 39 years for single parents and 42 years for parents from two-parent families.

The GAIN program structure also had distinctive features, including:²³

- Parents who lacked a high school diploma, had limited English ability, or had low reading and mathematics test scores were generally assigned to adult basic education or English as a second language classes.
- There was not a strong emphasis on finding a job.
- Comparatively little emphasis was placed on giving personalized attention to understanding parents' needs, accommodating their personal circumstances, or communicating with and counseling them. This was at least partly attributable to very high ratio of parents to case managers (128 to 1).
- Most components of the program including orientation, appraisal, case management, basic education, vocational training, and employment counseling were implemented through contracts with other organizations.
- Of the five counties included in the evaluation, Los Angeles County had the lowest percent of staff that reported their morale was high (29 percent) and the lowest percent expressing confidence that they could help parents (28 percent).

What does MDRC's data tell us about short-term changes in these parents earnings? Table 12 is derived from MDRC's 1994 evaluation report²⁴ and shows:

- Single parents in the experimental group began with slightly lower annual earnings than the control group (\$1,304 vs. \$1,308) and at the end of three years had higher earnings (\$1,939 vs. \$1,786).

- Earnings of single parents in the experimental group grew by 49 percent over the three years while earnings of control group parents grew by 37 percent.

Table 12

Earnings of GAIN Parents in MDRC's 1988-1990 Research Project
Year 1 begins with the second quarter following enrollment; Year 3 ends after the thirteenth quarter

	Single Parents				Two-parent Families			
	Experimental		Control		Experimental		Control	
	Average Earnings	% Chg. From 1st Yr.	Average Earnings	% Chg. From 1st Yr.	Average Earnings	% Chg. From 1st Yr.	Average Earnings	% Chg. From 1st Yr.
Year 1	\$1,304	0%	\$1,308	0%	\$1,115	0%	\$1,061	0%
Year 2	\$1,699	30%	\$1,589	21%	\$1,332	19%	\$1,133	7%
Year 3	\$1,939	49%	\$1,786	37%	\$1,600	43%	\$1,072	1%

Source: MDRC (1994) *GAIN: Benefits, Costs, and Three-Year Impacts*

- Parents from two-parent families in the experimental group began with slightly higher earnings than the control group (\$1,115 vs. \$1,061) and at the end of three years had much higher earnings (\$1,600 vs. \$1,072).
- Earnings of parents from two-parent families in the experimental group grew by 43 percent over the three years while earnings of control group parents grew by just 1 percent.

In summary, the evaluation data published by MDRC in 1994 shows that that despite a severe recession that began in 1990 and despite having multiple barriers to employment, parents from the education-focused GAIN program had significant short-term earnings growth, and parents who participated in the program had substantially higher earnings than those who did not. It is clear that most people were not self-sufficient after three years, it is also clear that this group of very-hard-to-employ parents achieved measurable short-term progress.

Table 13
2001 Earnings of Parents who Left the GAIN
Education-Focused Program from 1988 to 1993
Earnings shown in 2001 dollars

GAIN Education	Number of Parents	Average Earnings in 2001	Percent Change in Earnings from 1992 to 2001
No education or training	29,506	\$6,772	141%
Remedial education	8,142	\$7,026	271%
Vocational education	994	\$11,923	322%
SIP approved	3,532	\$12,518	280%

Source: DPSS case records and EDD payroll tax records.

What does the long-term earnings data assembled for this project tell us about changes a decade later in the earnings of these parents? To answer this question we created Table 13 by rolling up data from Table A-10 in the Appendix to summarize outcomes for parents who went through the GAIN education-focused welfare-to-work program from 1989 through

1993. Table 13 summarizes this information by showing average earnings for each GAIN education cohort, and percent change in earnings from 1992 to 2001. The earnings and wage ladder associated with GAIN education and training shown in Table 13 is typical of the more detailed outcomes that can be seen in Table A-10, which shows detailed earnings data for 48 subgroups of welfare parents. Highlights include:

- Parents who did not participate in the education-focused program had much lower earnings and less than half the earnings growth of parents who participated in any form of educational activity.
- Parents who participated in vocational education and self-initiated training programs (SIPs) had average earnings that began to approach self-sufficiency, particularly if families had access to Food Stamps and the Earned Income Tax Credit.

How has MDRC described the experimental group outcomes from the education-focused welfare-to-work program? Over the past ten years several MDRC reports have contained critical comments about Los Angeles County's education-focused program. Four of those comments are quoted below:

"Los Angeles GAIN was the only program among the six county programs studied that led to net losses in measured income for experimental group members (compared to the control group) and net losses in revenue for the government budget. Among welfare-to-work programs studied to date, few have led to negative results from both perspectives. These findings did not change when the follow-up was extended to five years."²⁵ [2003]

"Evidence from several sources – including an evaluation of the program by MDRC, agency reports on participation and job placement, and discussions with supervisors and staff – showed that GAIN's basic education approach was not working."²⁶ [2000]

"High-cost education services were shown to have helped relatively few recipients reach self-sufficiency."²⁷ [1998]

"Los Angeles GAIN had no measured effect on the average earnings of AFDC single-parent recipients enrolled in the program."²⁸ [1997]

What was the basis for these critical comments? MDRC's 1994 report that evaluated the county's education-focused welfare-to-work program was organized as a cost-benefit analysis, and it was this frame of reference as well as what we view as methodological deficiencies that provided the support for MDRC's highly negative

assessments. We question the following six elements of MDRC's evaluative approach that underlie their negative assessment:

1. The fact that the research subjects were difficult candidates for both education and employment (by virtue of long-term unemployment and welfare dependency, low levels of educational attainment, limited English ability, and an average age of about 40 years) was noted but not factored into the analysis. No comparative employment outcomes have been provided for similar parents served through other program models.²⁹ Instead, comparisons have been made between these parents and other much more job-ready parents who participated in MDRC's 1996 work-first program evaluation.
2. The economic environment that these job seekers entered was not factored into MDRC's analysis. Los Angeles County was entering a very severe recession; its worst since the Great Depression and much worse than in other parts of the state and nation, as these parents moved into the job market.
3. In MDRC's cost-benefit analysis, reductions in parents' welfare benefits were subtracted from increases in their earnings. For the average increase in earnings and fringe benefits of \$550 that experimental group parents were shown to have achieved three years after they entered the program there was an average offsetting loss of \$2,110 from decreases in welfare payments, Food Stamps and Medi-Cal.³⁰ Thus, under the welfare rules in effect at the time of the evaluation many parents who worked and increased their earnings experienced a net loss in income because of reduced welfare benefits. This net loss in income, which was an artifact of welfare rules that have since been changed, underlies many of MDRC's most critical comments about the Los Angeles program.
4. MDRC did include a component in their benefit-cost analysis that sought to identify net societal costs and benefits from participation in the experimental GAIN program. This analysis was limited to those cost and benefit estimates that can be directly linked to participation in the GAIN program (such as transfer payments, administrative costs, and the like). However, the MDRC analysis was limited in that it did not address the broader quantifiable costs to society of ongoing acute poverty such as increased health and justice system costs and income polarization.
5. Los Angeles County apparently had unusually high program costs during the evaluation period because it had excess program facilities as a result of entering into a case management contract that anticipated a larger caseload than was permitted under a state-imposed enrollment cap.³¹ Thus the costs

that were included in the public benefit portion of the cost-benefit analysis were atypically high.

6. MDRC's projection of five-year outcomes (referenced in the quote above) appears to have been based on the assumption that parents would not achieve growth in their earnings after the third year.³² This is a grossly inaccurate assumption. The earnings change from 1992 to 2001 shown in Table 13 above picks up at about the time that MDRC's three years of data collection ended. It shows close to a 300 percent subsequent increase in the earnings of parents who received GAIN education and training – an increase in earnings that was more than double that of parents who did not receive GAIN education or training. In an era of time limits, the long-term growth in earnings associated with education is an important benefit that was left out of MDRC's analysis.

In summary, Los Angeles County's education-focused program had shortcomings that, in hindsight, could be improved upon. For example, better cost management, more effective case management, innovative training programs designed for older adults and adults with limited English ability, and integration of education with work experience would all be desirable. Still, despite its shortcomings this education-focused program laid the foundation for long-term earnings growth by a very hard-to-employ population of parents.

SELF-SELECTION

What is self-selection? It includes the spectrum of possible actions by parents that affect opportunities for education and training. Possible actions range from actively pursuing education through a self-initiated plan to actively avoiding education by failing to appear for an assigned remedial education program. Parents also influence educational outcomes in less overt ways, for example through the manner in which they conduct themselves with welfare-to-work staff. The likelihood that parents will be assigned to training is likely to vary depending on whether they are perceived as being amenable or resistant to this activity, as well as by whether they are seen as having a need or aptitude for education.

How do we know when self-selection occurs? We can see reflections of the self-selection process

Table 14 Percent Offered Training by Years of Education All Parents with First GAIN Appraisal 1998-2001		
Years of Education	No training offered	Training offered
0-8	95%	5%
9-11	84%	16%
12	79%	21%
13 or more	73%	27%

Source: DPSS case records.

within the data. The first bit of evidence of this process is displayed in Table 14, which shows the percent of appraised parents who were offered additional training based on their previous educational achievements (we include no-shows in those offered training). A clear trend can be identified in this data – those with more education were offered

additional training more often than those with less. Only 5 percent of those with 8 years or less of education were offered additional training while nearly 30 percent of those with 13 years or more of education were offered additional training.

Years of Education	Not Apply	Apply
0-8	99%	1%
9-11	96%	4%
12	92%	8%
13 or more	90%	10%

Do welfare parents play an active role in the self-selection process? It is not clear from Table 14 whether additional training was pursued by parents or resulted from top-down prescriptive activities driven by caseworkers. An examination of SIP applications sheds light on this question. What is common among SIPs is that program participants initiate them. Table 15 shows that those with more education apply for SIPs at a higher rate than those with less education. Only 1 percent of those with 8 years or less applied for SIPs while 10 percent of appraised parents with 13 or more years of education applied for a SIP. This suggests that parents play a role in determining whether they are offered educational opportunities. It also suggests that the welfare-to-work program needs to invest the same level of effort in building a culture of learning as it has invested in building a culture of work.

Does the pattern of increased education for better-educated parents hold true within subgroups based on family structure, English fluency, and age? When we look at parents grouped by all of these categories as well as their level of education in Table 16, we can see that the pattern of more educational opportunities for parents who begin with more education holds true for both single and two-parent families, among parents who are fluent in English as well as those with limited English ability, and within all age groups.³³ Within every group of parents, better-educated parents self-select toward education.

Yet even while this self-selection tendency holds true across all groups, some groups were offered educational opportunities more frequently than others. For example, 21 percent of parents with fluent English but only 9 percent of those with limited English were offered training. What is the likelihood that different groups of parents will experience a particular skill development outcome? Odds ratios can tell us this.

Odds ratios can be used to show the likelihood of a particular group of parents, for example parents 24 years of age or younger, having a particular outcome, such as starting but not completing remedial education. As we see in Table A-11³⁴ in the Appendix, a parent 24 years of age or younger is 5.39 times more likely than a parent 50 years of age or older to be in the group that began but did not complete a remedial education program.

In planning strategies for increasing educational participation, odds ratios can be used several ways. They can be used to identify the low-hanging fruit – the groups of parents who are easiest to get into educational activities. They can also help identify groups of parents who have not experienced educational success in the past and who need innovative instructional programs tailored to meet their needs. Additionally, they can be used to profile the educational outcomes for specific population groups.

Looking at the odds ratios in Table A-11 (in the Appendix) we see the following patterns of concentration among different groups of welfare parents with different types of skill development experience while in GAIN:

- Women are much more likely to become involved in a skill building activity than men. There are especially high concentrations of women in remedial education and self-

Table 16
Parents Offered GAIN Training by Family Status,
English Ability, Age, and Level of Education

Parents with first GAIN appraisal 1998 - 2001; Less educated
parents <12, higher educated 12+ years of education

				Total	Percent Offered Training
Single Parent Family	Fluent English	29 and younger	Less educated	7,716	23%
			Higher educated	10,919	34%
			Total	18,635	29%
		30 - 39	Less educated	3,125	11%
			Higher educated	5,519	19%
			Total	8,644	16%
		40 and older	Less educated	1,205	9%
			Higher educated	2,742	12%
			Total	3,947	11%
	Limited English Ability	29 and younger	Less educated	861	14%
			Higher educated	511	31%
			Total	1,372	20%
		30 - 39	Less educated	1,791	7%
			Higher educated	557	16%
			Total	2,348	9%
		40 and older	Less educated	2,165	4%
			Higher educated	480	14%
			Total	2,645	6%
Two Parent Family	Fluent English	29 and younger	Less educated	1,945	12%
			Higher educated	2,208	22%
			Total	4,153	18%
		30 - 39	Less educated	1,119	6%
			Higher educated	1,696	13%
			Total	2,815	10%
		40 and older	Less educated	612	5%
			Higher educated	1,270	11%
			Total	1,882	9%
	Limited English Ability	29 and younger	Less educated	572	7%
			Higher educated	314	21%
			Total	886	12%
		30 - 39	Less educated	2,333	5%
			Higher educated	1,367	18%
			Total	3,700	10%
		40 and older	Less educated	3,747	4%
			Higher educated	1,876	10%
			Total	5,623	6%

initiated training programs(SIPs).

- Compared to participants from two-parent families, single parents are much more likely to become involved in a skill building activity.
- Compared to older parents, younger parents are more likely to be enrolled in a school program, to start but not complete a remedial education program (many of these are Cal-Learn parents), and also to be no-shows for a remedial education program.
- Compared to parents with higher levels of education, parents with fewer years of school are less likely to be in any skill building program.
- Compared to parents for whom English is their primary language and parents who are fluent in English, parents with limited English ability and who speak another language at home are more likely to be assessed because of employment difficulties but not referred to any educational program.
- African Americans and Latinos are more likely than European Americans to be no-shows for remedial education or to begin but not complete remedial education. Asian Americans and Pacific Islanders are less likely than European Americans to have either of these outcomes.
- Long-term welfare recipients are more likely to be assessed because of employment difficulties and to participate in every form of skill development activity.
- Cal-Learn participants frequently fail to show up for remedial education and have an exceptionally high rate of failing to complete this program, in many cases because they become too old to be eligible.
- Many parents who participated in remedial education have also been assigned to Job Club.
- Parents who have had financial sanctions are also more likely to be no-shows for remedial education.
- Parents with weak work histories are more likely to be no-shows for remedial education or to begin but not complete remedial education.
- Parents living in high poverty census tracts are also more likely to be no-shows for remedial education or to begin but not complete remedial education.

In summary, parents who are the most feasible candidates for increased participation in skill development programs include: those with a high school diploma or exposure to college, parents in their twenties and thirties, and parents who are native English speakers.

Parents who should receive increased encouragement to participate in educational programs and who may well need innovative teaching models focused on their needs include: parents with 8 or fewer years of education, parents with

limited English ability, parents with very weak work histories, and parents living in high poverty neighborhoods.

A final important point from this review of skill development activities among welfare-to-work parents is that the GAIN program appears to have focused educational efforts on bringing up the educational floor under English-speaking parents without a high school diploma or GED. Comparable attentions should be paid to raising the educational ceiling, particularly by encouraging parents to participate in education and training programs at community colleges. It is reasonable to anticipate two major dividends from such a strategy. First, this is the easiest educational strategy to implement because it would encourage the parents who are most interested in education to participate in educational activities. Second, because of the strong association between higher education and higher earnings it is likely that this strategy would increase the exit rate from poverty among welfare parents.

REVISITING THE 1996 RESEARCH THAT VALIDATED "WORK FIRST"

How did the research subjects from MDRC's landmark work-first research project that began in 1996 fare after the end of 1998 when MDRC stopped tracking them? Using the data sets provided by the county and state for this project, we identified experimental and control group members from the project³⁵ and tracked their outcomes through the end of 2001 to obtain an additional three years of follow-up data for these parents.

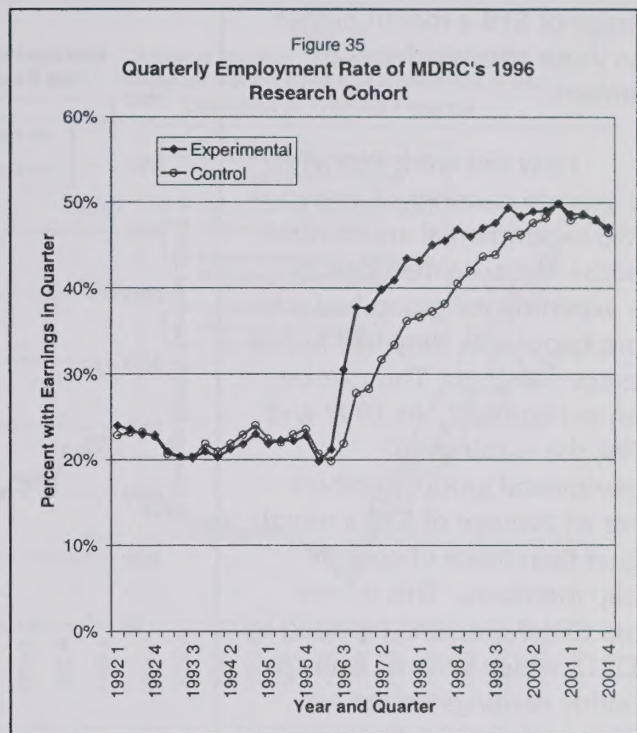
The significance of MDRC's research project is that it gathered evidence about the effects of a mandatory work-first program much like the county's current CalWORKs program, with strong encouragement to find employment as soon as possible, use of Job Club as the primary program activity, and sanctions for noncompliant parents.³⁶ From April 1 through September 11, 1996, roughly 21,000 parents who showed up for GAIN orientation meetings were randomly assigned to either the experimental group or the control group for this project. Experimental group members were required to participate in GAIN. Control group members could voluntarily participate in GAIN activities but this was not mandatory. Results from this research were interpreted by MDRC as providing definitive validation of the work-first model.

How did work-first affect the actual rate of employment among parents in the experimental group? Payroll tax records from the Employment Development Department, which were used to calculate the quarterly employment rates for the

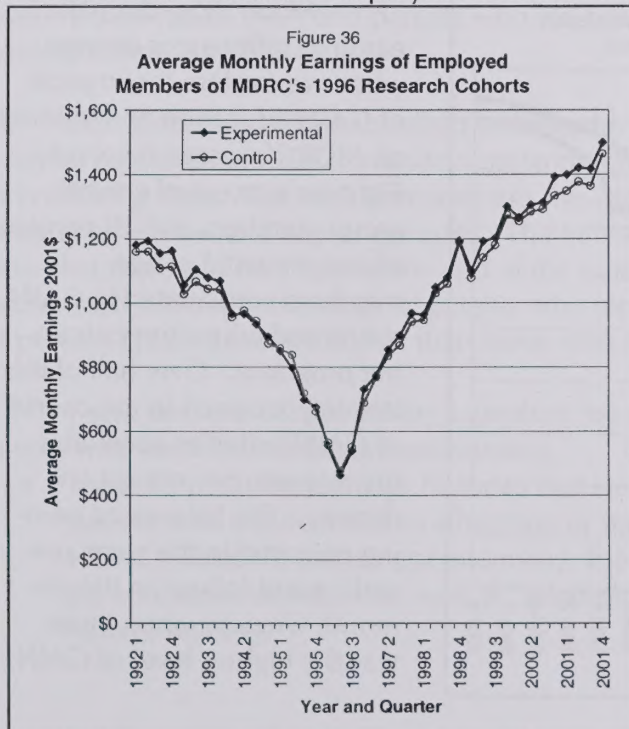
experimental and control groups, as shown in Figure 35. The experimental group had a substantially higher employment rate than the control group.

The widest spread between the employment rates of the two groups occurred in the fourth quarter of 1996 and the first quarter of 1997, when the experimental group's employment rate was 38 percent and the control group's rate was 28 percent. In the third quarter of 1998 there was an 8-percentage point spread between the two groups, with 46 percent of experimental group members and 38 percent of control group members. After that the em-

bargo on assigning control group members to GAIN activities ended and by 2000 the difference between the employment rates of the two groups had disappeared



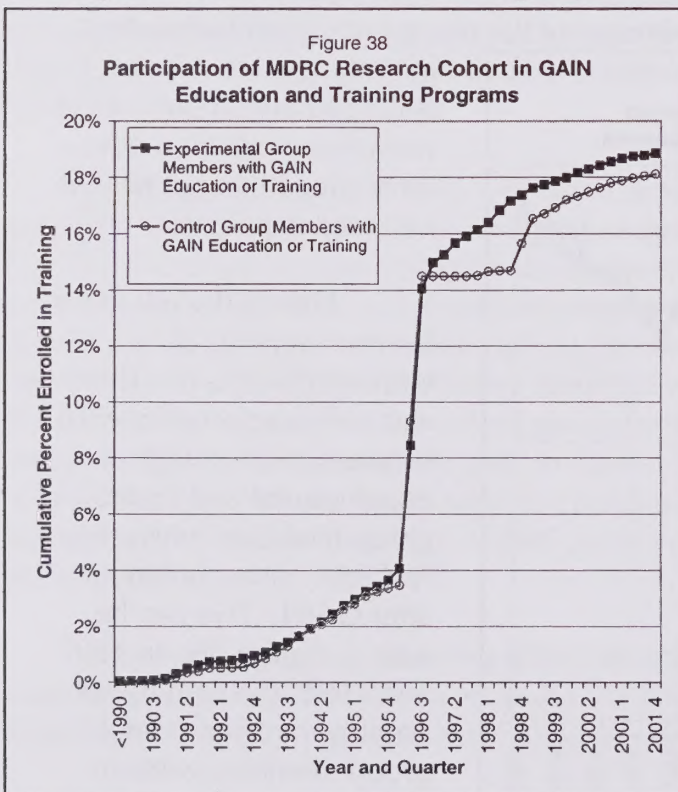
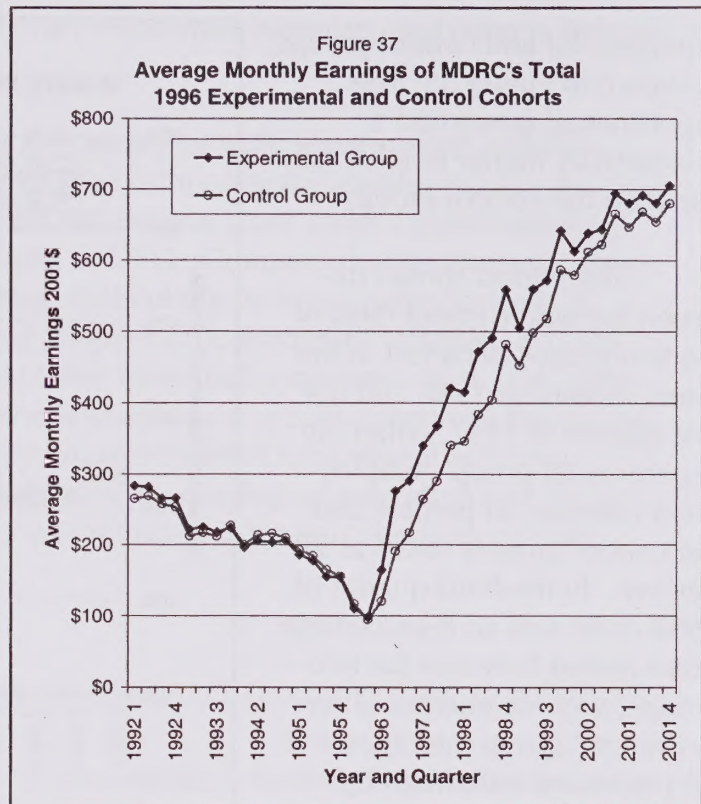
entirely. As we will see, this is the primary impact of the work-first program model – increasing the employment rate among parents.



How did work first affect the earnings of employed workers? There was only a small difference between the earnings of experimental and control group members when they had jobs, either before or after GAIN. This can be seen in Figure 36. In 1997 and 1998, the earnings of employed experimental group members were an

average of \$18 a month higher than those of control group members.³⁷

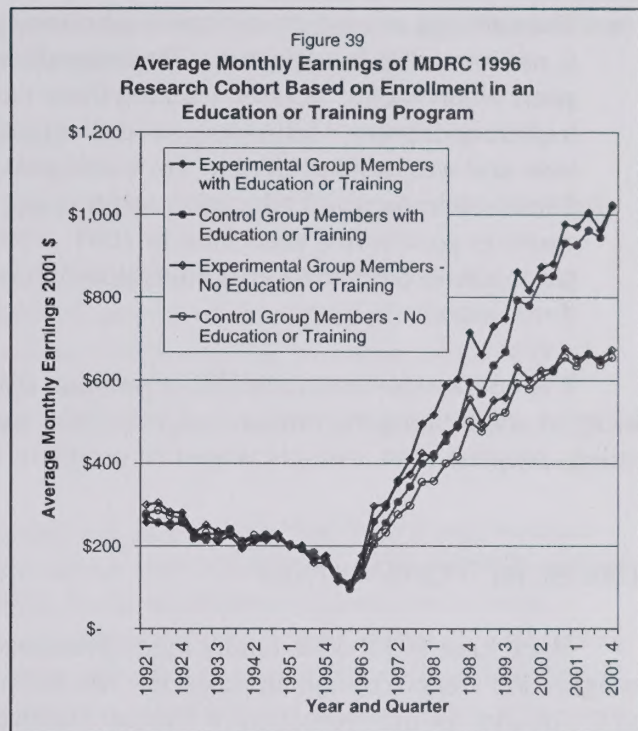
How did work first affect the average earnings of everyone in the experimental and control groups? Because members of the experimental group had jobs more frequently, they had higher average earnings. This can be seen in Figure 37. In 1997 and 1998, the earnings of experimental group members were an average of \$78 a month higher than those of control group members. This is very close to the outcome reported by MDRC, which showed average monthly earnings for the experimental group that were \$72 higher than those of the control group over this same period of time.³⁸



Much more dramatic earnings differences emerge when we explore the impacts of GAIN education and training on MDRC's research cohort. Eighteen percent of control group members and 19 percent of experimental group members participated in GAIN sponsored education or training programs. Over half of this training occurred in the course of GAIN activities soon after the research project got underway. The balance of training occurred in the years preceding and following the six-month window when there was the highest level of GAIN

activity for this population. This can be seen in Figure 38. The fact that control group members (who were not required to participate in GAIN activities) obtained nearly the same amount of education and training as experimental group members is further evidence that self-selection is a significant factor in determining training outcomes.

Dramatic differences in earnings emerge when we compare the parents in MDRC's 1996 research project (regardless of whether they were members of the experimental or the control group) who received education or training with those who did not. This comparison can be seen in Figure 39. In 2001, both experimental and control group members who received education or training had average monthly earnings of \$984 and parents who did not receive training had average monthly earnings of \$657.



This outcome is likely to reflect self-selection dynamics among parents, and is not an extension of MDRC's random assignment of parents to the experimental and control groups. Rather, it demonstrates the strong association between higher levels of education and higher earnings. The outcomes that these parents achieved show that there can be a light at the end of the tunnel for parents struggling to become self-sufficient. Earnings of parents who received education or training were 54 percent (\$327 a month) higher than those who did not. Education pays!

There are several noteworthy aspects of the earnings progress achieved by parents who received education and training.

- They did not have earnings histories that were noticeably different from parents who did not receive education or training. In 1995, the year before MDRC's research project got underway, the average earnings of parents who got education and training were \$7 a month higher than parents who did not receive training.

- The earnings advantage of parents who received human capital investments is not immediately apparent. These trends were not clear at the end of two years when MDRC stopped tracking these parents. The stronger earnings trajectory of parents who received training began to be apparent in the third year and was quite evident in the fourth year.
- Parents who received education and training were still showing strong earnings growth five years later in 2001, whereas the earnings progress of parents who did not receive education or training had flattened out after three years.

It is our conclusion that MDRC's research cohort offers strong evidence that education and training in combination with work experience leads to much greater earnings progress than a simple work-first program model.

ETHICAL RESPONSIBILITIES

Since June 1991, all federally funded research has been required to protect the rights and welfare of human subjects. The Belmont Report, *Ethical Principles and Guidelines for the Protection of Human Subjects*, provides the philosophical underpinnings for current laws and institutional research protocols throughout the United States governing human subjects research. Three principles underlie these protocols:

1. The principle of **respect for persons** acknowledges the dignity of individuals, and requires that people with diminished autonomy be provided with special protection.
2. The principle of **beneficence** requires protecting individuals by maximizing anticipated benefits and minimizing possible harms.
3. The principle of **justice** requires fair treatment of subjects. For example, subjects should be carefully and equitably chosen to ensure that certain individuals or classes of individuals – such as financially impoverished people – are not systematically selected or excluded, unless there are scientifically or ethically valid reasons for doing so. Also, unless there is careful justification for an exception, *research should not involve persons from groups that are unlikely to benefit from subsequent applications of the research.*

In response to a Freedom of Information Act inquiry from the Economic Roundtable, the Department of Health and Human Services reported that they were unable to locate any declaration or certificate related to protection of human subjects in the research program that MDRC conducted in Los Angeles County

beginning in 1996. MDRC subsequently explained that it had a waiver from federal regulations concerning protection of human subjects in this project.

MDRC reported that parents who were experimental research subjects experienced adverse impacts, including:

- More frequent experiences of hunger in which families had no food for the entire day.³⁹
- Increased numbers of children who were put in special classes at school because of physical, emotional or mental problems.⁴⁰
- More frequent instances in which unstable or low-quality childcare had a detrimental effect on preschool children.⁴¹

To the best of our knowledge the adverse impacts suffered by these families have not been redressed.

This research project was carried out on the behalf of federal and county government agencies, and a tangible human cost was paid to produce the evidence sought by these public agencies. Ethical responsibilities to parents who were research subjects in this project rest on the public that is responsible for and served by these agencies. There is a collective ethical obligation to draw the fullest lesson that can be learned from the lives of these parents and to use those lessons in ways that benefit the larger group from which these parents were drawn.

We believe the County of Los Angeles has an ethical obligation to act on the most important evidence from this project. Specifically, the county should act on the evidence showing that welfare parents benefit more from receiving education and training in combination with work experience than from the work-first program model alone.

SUMMARY

This re-examination of MDRC's research in Los Angeles County suggests that the evidence it produced is quite narrow in scope, and that it has been used more extensively than is warranted in designing Los Angeles' welfare-to-work program. In particular, the county has been poorly served by an over-emphasis on immediate employment and under-utilization of skill development programs. This program model has not produced sustained earnings growth, leaving most welfare families below the poverty threshold.

Mistaken inferences have been drawn from MDRC's research in reaching policy conclusions that:

1. Human capital investments are not linked to long-term growth in earnings.
2. A program model that emphasized immediate employment will enable welfare parents to become self-sufficient.

Conclusions that are credibly supported by MDRC's research data from Los Angeles County include:

1. An emphasis on work experience is an important part of moving toward self-sufficiency and can double the employment rate among welfare parents.
2. Parents who make the most earnings progress are typically those who have or acquire at least a high school diploma, English fluency and vocational training.

There appear to be opportunities to improve the earnings outcomes of welfare parents by:

- Recognizing that self-selection is an important factor in connecting parents with education and training.
- Capitalizing on the comparatively high level of interest in education among better-educated, younger, and English-speaking parents by encouraging their enrollment in skill development programs.
- Raising the educational ceiling for welfare parents by encouraging enrollment in community college training programs.
- Encouraging parents to develop self-initiated training programs, which lead to the highest earnings of any welfare-to-work program.
- Providing support services that will increase the completion rate for parents enrolled in remedial education.
- Greatly increasing skill development opportunities for parents with limited English ability, who are now significantly under-served, by developing innovative instructional programs that are responsive to their learning styles.
- Increasing recruitment, counseling and support services, and developing client-appropriate instructional programs to encourage parents in very poor neighborhoods and parents with low levels of education to participate in educational programs.
- Investing the same level of effort in building a culture that values learning as in building a culture that values work.

ENDNOTES

¹ This description of welfare reform was framed by Leonard Schneiderman, e-mail communication, April 5, 2003.

² This discussion of the nature of scientific inquiry borrows generously from: National Research Council. (2002)/ *Scientific Research in Education*. Committee on Scientific Principles for Education Research. Shavelson, R. J., and Towne, L., Editors. Center for Education. Division of Behavioral and Social Sciences and Education. Washington, DC: National Academy Press.

³ This discussion of research strategies borrows from ideas articulated by Leonard Schneiderman, e-mail communication, April 5, 2003.

⁴ A key component of the *Long-Term Family Self-Sufficiency Plan* that was unanimously adopted by the Los Angeles County Board of Supervisors on November 16, 1999 was "part-time work combined with education/training" and "employer-linked education/training." The first implementation step did not occur until January 21, 2003, when the Department of Public Social Services filed a letter to the Board of Supervisors requesting approval of training agreements to begin implementing this strategy.

⁵ Freedman, S., Gennetian, L.A., and Navarro, D. (June, 2000)/ *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*. New York, NY: Manpower Demonstration Research Corp.

⁶ Los Angeles County Department of Public Social Services press release, "Los Angeles County's Welfare-to-Work Program Rated One of the Best in the Nation," August 2, 2000.

⁷ U.S. Department of Health and Human Services press release, "New Report Shows Early Success for Los Angeles Welfare-to-Work Efforts," August 20, 1998.

⁸ Weissman, E. (March, 1997)/ *Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients*. MDRC. Preface.

⁹ Ibid, p. 21.

¹⁰ See, for example the statement in the second page of the letter from John Wallace that is reproduced in the following chapter, "Findings from reliable, random assignment studies conducted by MDRC demonstrate that there is a clear role for skills-building activities in welfare-to-work programs. The key lesson is balance."

¹¹ Riccio, J., et al. (September, 1994)/ *GAIN: Benefits, Costs and Three-Year Impacts of A Welfare-to-Work Program*. Manpower Demonstration Research Corporation.

¹² Los Angeles County New Directions Task Force, *Long-Term Family Self-Sufficiency Plan*, adopted by the Los Angeles County Board of Supervisors November 16, 1999, p. 3.

¹³ Freedman, S., et al. (1998)/ *The Los Angeles Jobs-First GAIN Evaluation: Preliminary Findings on Participation Patterns and First-Year Impacts*. MDRC, p. 9.

¹⁴ Freedman, S., Mitchell, M., and Navarro, D. (1999)/ *The Los Angeles Jobs-First GAIN Evaluation: First Year Findings on Participation Patterns and Impacts*. MDRC, p. ES-19.

¹⁵ Freedman S. et al. (2000)/ *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*. MDRC, preface.

¹⁶ Verma, N., and Hendra, R. (2003)/ *Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring?* MDRC, pp. 2-3.

¹⁷ Page 3 of the review comments following MDRC's March 12, 2003 letter in the next chapter.

¹⁸ Page 2 of MDRC's MDRC's March 12, 2003 letter in the next chapter.

¹⁹ Page 2 of MDRC's MDRC's March 12, 2003 letter in the next chapter.

²⁰ Pages 1-2 of the review comments following MDRC's MDRC's March 12, 2003 letter in the next chapter.

²¹ This view that self-selection could serve as positive programmatic purpose was put forward by Leonard Schneiderman, e-mail communication, March 18, 2003.

²² Riccio, J. et al, (1994)/ *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program*. MDRC, pp. lvi, 18-19.

²³ Ibid, pp. 49, 52-53. Weissman, E., (1997)/ *Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients*. MDRC, pp. 12-13.

²⁴ Riccio, J. et al, (1994)/ *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program*. MDRC, pp. 120, 201.

²⁵ Page 2 of the review comments following MDRC's March 12, 2003 letter in the next chapter.

²⁶ Freedman, S., et al, (2000)/ *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*. MDRC, p. 3.

²⁷ Freedman, S., et al. (1998)/ *The Los Angeles Jobs-First GAIN Evaluation: Preliminary Findings on Participation Patterns and First-Year Impacts*. MDRC, p. 2.

²⁸ Weissman, E., (1997)/ *Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients*. MDRC, p. 15.

²⁹ MDRC compared impacts across the five counties for parents who needed basic education, but this falls far short of controlling for all of the other barriers to employment that characterized research subjects in Los Angeles County. Riccio, J. et al, (1994)/ *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program*. MDRC, pp. 271-278.

³⁰ Ibid, p. 252.

³¹ Ibid, p. 74, footnote 13.

³² Ibid, p. 245.

³³ Chi-square contingency tests showed that across the various combinations of family structure, English fluency, age and education, we can reject the null hypothesis that training is independent of past education achievements and conclude that there is a statistical relationship between education achievements and training program assignment. For 10 out of the 12 combinations of variables the Asymptotic Significance Level (2-sided) was 0.0000, and for the remaining 2 variables it was 0.0003 and 0.0016, respectively, indicating that in all cases the relationship between past educational achievements and access to GAIN educational opportunities was highly significant.

³⁴ All odds ratios shown in Table A-11, shown in the Appendix, have a significance level (i.e., probability that the outcome is the result of random chance rather than a difference between the groups being compared) of 0.15 or less. Any value with significance level above 0.01 is marked with an asterisk. Odds ratios are for the groups listed on the left axis and are in reference to the groups listed on the right axis. It is important to remember that even if there is a high odds ratio for a particular educational outcome, there may be only a small group of parents who have that outcome, and so even with a comparatively high odds ratio there may be relatively few members of a group who experience that outcome. Figure 1 is useful in this regard for showing the overall distribution of parents among different educational outcomes.

³⁵ The records used for this study identified 5,366 persons as control group members and 16,048 experimental group members from MDRC's research project that began in 1996 and concluded in 2000. This is a total research cohort of 21,414, containing 3.8 percent more control group members and 3.1 percent more experimental group members than were reported by MDRC.

³⁶ MDRC described this program as follows: "Jobs-First GAIN emphasized job search assistance and imparted a strong pro-work message in an effort to move thousands of welfare recipients quickly into jobs. Its message and emphasis place Jobs-First GAIN in the category of Work First programs, the approach strongly encouraged by PRWORA and followed by most current state and local welfare-to-work programs. Most features of Jobs-First GAIN continued under Los Angeles County's TANF program, California Work Opportunity and Responsibility to Kids (CalWORKs). Which replaced Jobs-First GAIN in April 1998. The similarities between Jobs-First GAIN and its successor, CalWORKs, make the findings of this evaluation especially useful to practitioners and researchers who need reliable information on the effects of TANF-era welfare-to-work initiatives in large urban settings. . . . The Jobs-First GAIN evaluation therefore tests the effects of CalWORKs' primary pre-employment strategy (and that of many other TANF-era programs), but without time limits and post-employment and special services and with smaller financial incentives to keep working." Freedman, S., Knab, J.T., et al. (2000)/ *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*. MDRC, pp. ES-1-2.

³⁷ As explained previously, we removed suspect earnings when calculating earnings outcomes. Overall, the earnings reported through payroll tax records for about 1.8 percent of welfare parents appear to be suspect because multiple individuals are using the same Social Security number. In filtering earnings records of the 1996 research cohort for suspect earnings, earnings records that met any of the following four criteria were flagged as suspect: (1) 50 or more total person-quarters of employment reported from 1996 through 2001, (2) 6 or more person-quarters of employment reported in any single quarter from 1996 through 2001, (3) \$25,000 or more in earnings reported in any single quarter from 1996 through 2001, or (4) \$300,000 or more in total earnings reported from 1996 through 2001. After removing earnings from suspect records, the remaining total payroll amounts for the experimental and control groups were averaged over the remaining total number of individuals in each group. All earnings are reported in 2001 dollars. This filtering protocol identified 95 control group members and 277 experimental group members as having suspect earnings. This filtering process had the effect of reducing earnings reported for the control group more than for the experimental group. For example in 1998, average quarterly earnings of \$6,701 were reported for control group members with suspect earnings, whereas average quarterly earnings of \$5,631 were reported for experimental group members with suspect earnings.

³⁸ Freedman S., Knab, J.T., et al. (2000)/ *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*. MDRC, pp. 17, 73 and 165. For quarters 2 through 9 of the follow-up period, MDRC reported monthly earnings for experimental participants who were in AFDC Family Group cases that were \$68 a month higher than their control group counterparts, and earnings for experimental participants in AFDC Unemployed cases that were \$85 a month higher than their control group counterparts. Using the size of each group to produce a weighted average of these differences (76 percent of the sample was made up of AFDC-FG cases and 24 percent of AFDC-U cases) we get an average monthly difference of \$72 between the earnings of experimental and control group members.

³⁹ Ibid, p. ES-4.

⁴⁰ Ibid, pp. 153, 157.

⁴¹ Ibid, p. 160.

Comments by Manpower Demonstration Research Corporation (MDRC)

BACKGROUND

The following letter and attached review comments from the Manpower Demonstration Research Corporation (MDRC) are in response to a preliminary summary of issues raised by the Economic Roundtable regarding their 1996 research project in Los Angeles County. MDRC did not have an opportunity to review the full report prior to publication.

What follows are:

- Letter from MDRC
- Review comments from MDRC
- Responses from the Economic Roundtable



16 East 34 Street, New York, NY 10016-4326
(212) 532-3200 Fax: (212) 684-0832
www.mdrc.org

Regional Office:
475 14th Street, Suite 750, Oakland, CA 94612
(510) 663-6372 Fax (510) 844-0288

Board of Directors

Robert Solow, *Chairman*
Rudolph G. Penner, *Treasurer*

Mary Jo Bane
Rebecca M. Blank
Ron Haskins (*on leave*)
James H. Johnson, Jr.
Richard J. Murnane
Frank N. Newman
Jan Nicholson
Charles M. Payne
Marion O. Sandler
Isabel V. Sawhill
Lawrence J. Stupski
William Julius Wilson
Judith M. Gueron, *President*

March 12, 2003

Mr. Daniel Flaming, President
Economic Roundtable
315 West Ninth Street, Suite 1209
Los Angeles, CA 90015

Dear Mr. Flaming:

Thank you for sharing the Economic Roundtable's summary findings from its study of the Los Angeles welfare-to-work program with us in advance of its publication, and for providing us with the opportunity to respond. We would also be willing to review the actual report prior to publication, as opposed to the power point slide presentation that we received.

Unfortunately, there are several serious problems with the research methods the Economic Roundtable researchers used to estimate the effects of education and training for welfare recipients in Los Angeles and, thus, with the policy lessons that you draw from the findings. To be as helpful and constructive as possible, in the attachment to this letter we identify each of these flaws and their likely consequences and, when feasible, note alternative ways of approaching the issue. In addition, we note areas where you have mischaracterized or misunderstood the work that MDRC has done on this topic and provide references to help you correct these misstatements.

Our concerns can be summarized as follows:

- **The study's methodology is biased and misleading.** The report's basic method of comparing the employment and earnings of people who participated in education and training to the employment and earnings of a different group of people who did not participate in education and training leads to biased and misleading conclusions, because the people in each group differed in both observed and unobserved ways. Thus, there is no way to know whether the differences you find in employment and earnings between the two groups are due to the fact that one group participated in education and training while the other did not, or to preexisting differences between the two groups on a wide range of demographic and other characteristics. For example, the slides show that the group that did *not* participate in education and training had weaker English skills than the group that did. This difference alone could account for the subsequent differences in earnings you find. Moreover, many of those in the education and training group voluntarily sought out and enrolled in education and training, while those in the nonparticipant group did not, suggesting that there are a number of unobserved, or unmeasured, differences between the

two groups in their personal preferences, motivation, and other factors that could also explain the differences you find. The only reliable way to solve this “selection” problem is to use a random assignment research design, the same kind of design that the Food and Drug Administration requires before approving new prescription drugs, and the very design that MDRC used in its study of the Los Angeles GAIN program. In sum, many of the barriers that prevent welfare recipients from participating in longer-term education and training (or any other pre-employment activity) may also prevent them from finding and keeping jobs. When the participant group is composed primarily of people who *do not have* these barriers and the nonparticipant group is composed of people who *do have* these barriers, it is not surprising that the participant group achieves higher earnings.

- **The comparisons after two years are not valid.** The finding that Jobs-First GAIN’s effects on earnings grew smaller when you followed them past the two-year point is at least partly explainable by the fact that the control group became eligible for the LA GAIN program’s work-first strategies. In the MDRC study, which followed study members for only two years, the control group did not participate in Jobs-First GAIN. But throughout much of the extended follow-up period in your study, *both* program and control group members still on welfare were required to participate in GAIN. Moreover, at the two-year point, nearly two-thirds of all control group members were still on welfare. Thus, the control group members’ access to GAIN’s primarily work-first services and messages likely contributed to the decrease in impacts on employment and earnings that you measured.
- **The policy recommendations are suspect.** Because the study’s methods are flawed, its policy recommendations are also suspect. The materials you shared with us recommend that Los Angeles’ welfare-to-work program should emphasize education and training. Given that participation in welfare-to-work programs is now mandatory for the entire welfare population, that would mean requiring many if not all welfare recipients to participate in education and training first instead of work-first. But the evidence from a large number of highly reliable random assignment studies suggests that education-first programs consistently produce smaller overall effects than work-first programs, typically cost twice as much, and are even less effective for high school dropouts. Thus, ERT’s recommendations could end up costing taxpayers more while further impoverishing welfare recipients. While these conclusions may seem surprising given the correlation between more schooling and higher earnings in the general population, on closer inspection there are a number of logical explanations for the disappointing effects of education-first mandatory programs, including high dropout rates, poor program quality, etc. – and the fact that none of these programs explicitly tests the effects of post-secondary education.
- **MDRC’s research supports mixed strategies that include education and training.** The slides you shared mischaracterize MDRC’s position on the role of education and training in welfare-to-work programs. Findings from reliable, random assignment studies conducted by MDRC demonstrate that there is a clear role for skills-building activities in welfare-to-work programs. The key lesson is balance. While our work clearly demonstrates that work-first programs are more cost-effective than education-first programs, it also shows that the *most* successful programs we have studied use a mixed strategy, where some people are urged to get a job quickly and others are offered work-focused, short-term education or training, determined by the individual needs of recipients. Although mandatory, mixed-strategy programs with a strong employment focus typically produce the largest impacts on employment and earnings, only programs which also include generous earned income

disregards that help to make work pay, as California does, also produce positive impacts on income and child well-being. Numerous MDRC publications clearly state these findings.

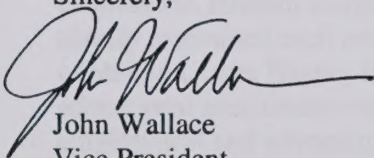
- **MDRC is scrupulous in meeting ethical standards.** Your report implies incorrectly that MDRC's Jobs-First GAIN study violated the Department of Health and Human Services rules on human subjects. These accusations have no basis in fact and are false. It is the policy of the federal Department of Health and Human Services (which provided funding for the MDRC study) that studies designed to improve the administration and operation of the Aid to Families with Dependent Children program, the Job Opportunities and Basic Skills Program, and the Temporary Assistance for Needy Families Program are exempt from the requirements governing human subjects research. The requirement for informed consent is governed by the regulations at 45 CFR Part 46. Sec. 46.101(b)(5) states that, unless otherwise required by department or agency heads, research activities in which the only involvement of humans subjects will be in projects which are conducted by or subject to the approval of department or agency heads, and which are designed to study, evaluate, or otherwise examine:

(i) Public benefit or service programs; (ii) procedures for obtaining benefits or services under those programs; (iii) possible changes in or alternatives to those programs or procedures; or (iv) possible changes in methods of levels of payment for benefits or services under those programs... are exempt from the human subjects protection requirements stated in the regulations.

Despite HHS' position that a formal review board is not required in a study of this kind, MDRC has an internal policy of reviewing projects for human subjects issues. In this case, we concluded that the experimental design employed in the Jobs-First GAIN study did not pose a risk to human subjects for the following reasons. In this evaluation, members of the control group had access to alternative services in their community; continued to receive welfare, Food Stamps, and Medicaid; and were eligible for transitional benefits when they left welfare. Furthermore, the control group was *not* subject to the program's participation mandate. Thus, rather than exposing study participants to possible harm, the research design actually protected a group of welfare recipients from the risk of reducing or losing their welfare grant for failure to comply with LA County participation standards. Last, we also followed strict internal guidelines for protecting the confidentiality of the data we collected and of all study participants.

We hope these comments and suggestions are helpful and informative. If you need further clarification or assistance on any of the issues related to research methods or findings raised above, do not hesitate to contact us. In the interest of fairness and accuracy, we would very much appreciate it if you would correct those statements that inaccurately characterize MDRC's work. We look forward to hearing from you.

Sincerely,



John Wallace
Vice President

Enclosure

MDRC Review of Economic Roundtable Study of Jobs-First GAIN

March 12, 2003

Debates over social policy research can focus on many issues: (1) How the main research questions are posed; (2) How the primary and alternative hypotheses are formulated; (3) How the research tests these hypotheses; (4) How outcomes are measured; (5) Which conclusions are drawn from the findings; and (6) Which policy lessons are drawn from the conclusions. As discussed below, MDRC has significant differences with the Economic Roundtable's study in most of these areas of research concerning welfare reform in Los Angeles. However, MDRC and the Economic Roundtable share common ground on the finding that education and training activities be included in pre- and post-employment programs for welfare recipients.

Research Design

MDRC and the Economic Roundtable (ERT) have asked fundamentally different questions when researching the effects of the education-focused GAIN program and the employment-focused Jobs-First GAIN program in Los Angeles. When conducting the evaluations of these two programs, MDRC asked three primary questions:

- (1) From the perspective of the welfare recipients: Did each program's mix of services, mandates, and messages led to a higher incidence of employment, higher earnings, and higher income compared to what these individuals would have likely achieved on their own and with the help of other programs that already exist in Los Angeles County?
- (2) From the perspective of the welfare recipients: Do these programs benefit a broad segment of the welfare population, or did certain groups of people derive greater financial gain from these programs than others?
- (3) From the perspective of the welfare department and other government agencies: Did the additional expenditures required to provide services to welfare recipients (beyond what have been spent on their behalf) result in even greater savings in expenditures for welfare and other benefits and higher inflows of taxes from recipients and their employers?

To answer these questions, MDRC conducted two random assignment evaluations: the original GAIN study and the subsequent Jobs-First GAIN study. Random assignment occurred at program orientation, before anyone was assigned to a pre-employment activity. In both of these evaluations, random assignment resulted in the creation of program and control groups that closely resembled each other in observed background characteristics like age, number and ages of children, race, fluency in English, work history, length of prior welfare, and previous educational attainment—all of which are known to affect an individual's chances of finding employment and advancing to stable and well-paying jobs. Random assignment also assured that experimental group members did not differ systematically in unmeasured characteristics that

could also affect an individual's chances in the labor market, such as assertiveness, goal-setting, optimism, and ability to get along with others. The only difference between the two groups was that the program group had access to program services and messages and faced the program's mandatory participation requirements—and threat of financial sanction for noncompliance—whereas the control group did not.

The Economic Roundtable has implemented an entirely different, non-experimental, research design and posed a very different set of questions. It has isolated a small minority of welfare recipients who, for the most part, voluntarily enrolled in education and training and compared their earnings to those of the vast majority of welfare recipients who did not enroll in education and training. It appears that the latter group includes people who participated in other activities like job club and a larger group of people who participated in no activities. Thus, the two comparison groups in the ERT study are defined retroactively, relying on members' own self-selection into one group or the other.

Measuring program effects in experimental and non-experimental designs

In an experimental design based on random assignment, the outcomes for the control group represent what welfare recipients would be expected to achieve on their own and with the help of other programs in the community, and thus, the difference in average outcomes between the experimental and control group represents the effect or impact of the program above and beyond what people would have done on their own. The same principle applies when impacts are measured for any number of subgroups defined by sample member characteristics recorded at their time of random assignment (at program orientation).

In the first MDRC GAIN evaluation, findings on interim outcomes of basic education showed that the program in Los Angeles led to little improvement above the control group in receipt of a GED or in average test scores. Furthermore, Los Angeles GAIN was the only program among the six county programs studied that led to net losses in measured income for experimental group members (compared to the control group) and net losses in revenue for the government budget. Among welfare-to-work programs studied to date, few have led to negative results from both perspectives. These findings did not change when the follow-up was extended to five years.

In contrast, the subsequently implemented, employment-focused Jobs-First GAIN program led to relatively strong two-year earnings gains when outcomes for all program group members were compared to outcomes for all control group members. Moreover, these gains were realized by a wide range of welfare populations, including single mothers with multiple barriers to employment. As expected, the program was also much cheaper to operate than the earlier education-focused program. For all of these reasons, MDRC concluded that Jobs-First GAIN was more beneficial than the earlier basic education program model.

In other respects, Jobs-First GAIN came up short. While the program increased employment and helped move people more quickly into jobs, it did not help a substantial portion of the caseload find jobs; nor (as the ETR study points out, as well) did it increase employment stability or average earnings among those who worked for pay. Furthermore, most program and control group members were still poor at the end of two years of follow-up. These findings, *both*

positive and negative, are discussed in MDRC's report. Unfortunately, ERT failed to cite both findings when characterizing MDRC's work and recommendations.

As noted above, the summary Power Point materials from ETR indicate that ETR is comparing the employment and earnings for participants and non-participants in education and training. This research approach is highly problematic. Self-selection of people into the two comparison groups makes it almost impossible to distinguish the effects of education and training from preexisting differences between the two groups of people. Thus,

(1) One cannot infer whether the education and training group's subsequent employment and earnings resulted primarily from their participation in these activities or from the combination of personal characteristics—observed and unobserved—that contributed to these individuals' greater willingness and ability to participate in education and training and to their greater ability to find and keep jobs.

This is so, because the two groups that ERT is comparing differ systematically in observed and, almost certainly, unobserved characteristics that affected their subsequent employment and earnings independently of their choice of pre-employment activities. Clearly, ERT has done a lot more research than is shown in the slides that were shared with MDRC. However, even these slides show that the group of non-participants in education and training includes a higher percentage of people with limited English skills and, further, that the average annual earnings for this group in 2001 was \$1,000 (or nearly 20 percent) below the average for English-speakers. MDRC's study of Jobs-First GAIN found that participation levels in education and training differed by assistance group, gender, area of residence, ethnicity, and whether the person had voluntarily jumped ahead of the queue to enroll in GAIN. These differences in background characteristics were also related to differences in subsequent employment and earnings levels and program impacts.

Presumably, ERT attempted to use statistical procedures to control for observed characteristics when calculating differences in average earnings between participants and non-participants. Unfortunately, these procedures cannot rule out the possibility that differences in unobserved characteristics among those who volunteered for education and training account for differences in both the incidence of participation and subsequent employment and earnings. This is particularly true for ERT's comparison of participants and non-participants among control group members of MDRC evaluations, for whom participation in education and training was truly voluntary. Recent surveys of current and former welfare recipients have found that a substantial fraction experienced physical health limitations or serious mental health problems (primarily depression). A much smaller number reported a problem with substance abuse. The non-participant group in ERT's study likely contains a higher percentage of welfare recipients with these severe barriers to employment than exists in the education and training participant group, with the result that average levels of employment and earnings for non-participants were correspondingly lower. (In MDRC's Job-First GAIN study, about fifteen percent of individuals were immediately exempted from participation requirements at appraisal because of a long-term disability, pregnancy, or other reasons.) Moreover, it is reasonable to infer that parents who voluntarily enrolled in longer-term education and training had more reliable child care arrangements, greater skill in "navigating the system" to their advantage, were more goal-

oriented, and had a greater sense of optimism compared to non-participants. It goes without saying that they also had a greater belief in the benefits of education and training.

“Participants” in any program generally have better employment outcomes than non-participants, irrespective of whether they attended education or job search. For instance, MDRC’s first-year report on Jobs-First GAIN noted (in Table 3.3, p.46) that the first-year employment rate for participants in Jobs-First GAIN activities was 17 percentage points (or 36 percent) higher than for non-participants. This is not surprising, given that non-participants include more people with severe barriers to both participation and employment.

(2) One cannot infer whether participants in education and training would have done better had they participated in job search or a different pre-employment activity.

The most reliable evidence on the relative effects of employment- and education-focused programs comes from the National Evaluation of Welfare-to-Work Strategies (NEWWS). In three sites, Atlanta, Grand Rapids, and Riverside, welfare recipients who showed up to attend a program orientation were randomly assigned to either a job search group, an education group, or to a control group. In all three sites, the job search group earned more on average over five years than the education group, and differences were greatest among people who lacked a high school diploma or GED at random assignment.

(3) One cannot infer whether non-participants in education and training would have done better had they been encouraged or required to participate in education and training.

The preponderance of research evidence on large-scale mandatory basic education programs for welfare recipients suggests that these programs primarily benefited people with relatively high literacy and math skills who enrolled in short-term GED programs. Participants in Adult Basic Education with low literacy and math skills, who may have needed extensive time in the classroom to attain a GED, rarely remained in school long enough to improve their skills more than marginally. This result is not surprising because basic education programs for welfare recipients generally have not provided the additional supports (including special services to address dyslexia, ADHD, and other learning disabilities) that many members of this group may require.

(4) ERT’s bar graphs of average annual earnings in 2001 by year of first appraisal and receipt of education and training do not prove that there is a link between participation in education and training and future earnings.

Please keep in mind that the LA GAIN program worked primarily with long-term welfare recipients before CalWORKs regulations came into effect in 1998, and that most GAIN participants remained on welfare for several years after entering the program. Therefore, it is difficult to distinguish the effects of participation in education and training during the early 1990s on earnings from the effects of encounters that participants may have had with the later versions of GAIN, which emphasized job search assistance. Furthermore, ERT should be cautious about making the link between the levels of education and training participation for the 1993 cohort and earnings levels in 2001. Judging from the bar graph that ETR sent to MDRC,

earnings also peaked for the group that did not receive training. These results may say more about the characteristics of the 1993 cohort in general and about improvements in the economic climate in Los Angeles during the late 1990s than about the effects of education and training.

(5) ERT should acknowledge that most participants in education and training remained poor and that other types of services and financial incentives are necessary.

According to ERT's findings, more than 40% of participants in education and training were unemployed in 2001 and average earnings for this group were well below the poverty level. Thus, pre-employment activities, whether job search or skill-building, leave most welfare recipients economically insecure and that other types of pre- and post-employment services and financial supports are necessary.

Issues related to ERT's follow-up study on Jobs-First GAIN

The slides that ERT provided summarize ERT's findings without directly discussing the methods used to calculate program effects. Did ERT address the following issues in the actual report?

(1) Did ERT weight the samples by assistance group and, among single parents by Regular/Early Enrollees? (Regular Enrollees waited for their regularly scheduled appointment to enroll in GAIN, whereas Early Enrollees voluntarily jumped ahead of the queue.)

ERT's slides show averages for all experimental and control group members. However, as explained in both the First-Year and Final reports (see Final Report, Table 1.3, p. 17), the control group ratios differed among three groups: AFDC-FG (single parent) Regular Enrollees (30.7%); AFDC-FG (single parent) Early Enrollees (10.5%); and AFDC-U (two parent) 20%. Within each of these groups, experimental and control group members are similar. However, as a result of these differences in random assignment ratios, the background characteristics of experimental and control group members vary, if one simply combines all experimental and control group members into two comparison groups. For this reason, the impacts of each of these groups were calculated separately. MDRC staff then calculated a combined average for single parents by multiplying the impact results by proportion of Regular and Early Enrollees in the entire single parent sample, experimental and control group members combined—approximately 80:20.

(2) Did ERT account for the end of the control group embargo?

The control group embargo on enrollment in CalWORKs was supposed to end in October 1998—at which point nearly two-thirds of control group members were still receiving TANF. As MDRC understands it, DPSS may have inadvertently extended the embargo for another year or so. Still, for nearly two years of the extended follow-up period in ERT's study, control group members still on welfare were required to participate in CalWORKs. To what extent did access to these services—in particular, job club—and CalWORKs mandatory participation requirements contribute to control group members' employment and earnings in 2000 and 2001?

(3) *When interpreting its findings, did ETR consider the cumulative effects of Jobs-First GAIN on earnings and income?*

Apparently, the experimental-control group differences narrowed considerably but did not disappear by the end of year 5. Over five years, the earnings impact of Jobs-First GAIN appears to have averaged about \$500 to \$600 per year. This cumulative earnings gain exceeds the annual impact on earnings recorded for most education-focused programs that were evaluated through a random assignment design and is four to five times larger than Los Angeles GAIN's annual earnings impact, measured over five years.

Issues concerning ERT's policy recommendations and ERT's characterization of MDRC's recommendations

The summary materials assert that education and training should be emphasized in welfare-to-work programs. However, recall that welfare-to-work programs are mandatory and now cover nearly the entire adult caseload. When the report states that, "the GAIN program should greatly increase the number of parents who receive education and training," is ERT advocating that LA DPSS should return to the earlier GAIN policy of *requiring* nearly all recipients determined to need basic education to attend education and training—or face a reduction in their welfare benefits? Or is ERT advocating that LA DPSS should adapt a flexible approach that includes job search assistance, education and training activities, and a rich array of post-employment services—along with adequate child care and other supports?

The latter position is supported by findings from the many rigorous and statistically unbiased studies of large-scale mandatory education and training programs completed by MDRC and many other organizations. Because of the limitations described above in the participant versus non-participant comparisons ERT used, MDRC recommends extreme caution in using those results to challenge the results from the random assignment studies.

ERT's characterization of MDRC's position on education and training for welfare recipients is incorrect. The wording in the ERT materials strongly suggests that MDRC champions mandatory work-first programs (by which ERT seems to mean job search only, even though the original description of work-first contained in the first GAIN Riverside study defined it as including education and training) and sees no place for education and training in the array of pre- or post-employment services for welfare recipients. The opposite is true. Here is an important example of MDRC's policy recommendations in this area:

From: Judith M. Gueron and Gayle Hamilton, *The Role of Education and Training in Welfare Reform*. Washington, D.C.: The Brookings Institution: Welfare Reform and Beyond Policy Brief #20, April 2002.

Findings from rigorous studies show that there is a clear role for skills-building activities. The key lesson is balance. Rigid job-search-first and rigid education-or-training-first programs increase employment, but the former get people jobs sooner and at lower cost and the latter do not ultimately get people better jobs. The most successful programs use

a mixed strategy-where some people are urged to get a job quickly and others are offered work-focused, short-term education or training. While encouraging overall, the findings provide no basis for complacency. The failure of mandatory basic education to help high school dropouts, the lack of clear guidance on what makes training effective, and the low earnings and persistent poverty of most welfare leavers point to the continued need to identify pre- and post-employment strategies that are more successful in getting people higher-wage jobs. The implication for welfare reform is that participation standards should retain their focus on work but avoid restrictions that discourage a mixed strategy... TANF's focus on employment is well placed, but does not encourage states to maximize the payoff that education and training can have.

MDRC has reached a similar conclusion on the need for enhanced services for welfare recipients with serious barriers to employment:

From Testimony of David Butler, Vice President, MDRC, On Temporary Assistance for Needy Families And the Hard-to-Employ Before the United States Senate Committee on Finance, April 25, 2002:

Serving people with serious barriers [to employment] requires new investments in staffing, staff training and service delivery. A tough work message, the threat of sanctions and time limits, and job search assistance are not going to be enough. Programs need additional support services beyond those traditionally provided by welfare-to-work programs. Mental health counseling, shelters for victims of domestic violence, and substance abuse treatment are examples, and all require the formation of new partnerships across multiple agencies and community organizations. Reliable screening and assessment tools and protocols can help staff identify health and behavioral health barriers, but they must be easy to use and will not capture everyone in need of assistance.

Issues related to ERT's ethical concerns about MDRC's research on human subjects

In conducting the evaluation of Jobs-First GAIN, MDRC followed the policies of the U.S. Department of Health and Human Services in effect at that time, that studies designed to improve the administration and operation of the AFDC, JOBS and TANF programs are exempt from the requirements governing human subjects research. The requirement for informed consent is governed by the regulations at 45 CFR Part 46. Sec. 46.101(b)(5) states that, unless otherwise required by department or agency heads, research activities in which the only involvement of humans subjects will be in projects which are conducted by or subject to the approval of department or agency heads, and which are designed to study, evaluate, or otherwise examine:

(i) Public benefit or service programs; (ii) procedures for obtaining benefits or services under those programs; (iii) possible changes in or alternatives to those programs or procedures; or (iv) possible changes in methods of levels of payment for benefits or services under those programs are exempt from the human subjects protection requirements stated in the regulations.

Despite HHS's position that a formal review was not necessary, MDRC has an internal policy of reviewing projects for human subject issues. MDRC's internal discussions concluded that the experimental design employed in the Jobs-First GAIN evaluation did not pose a risk to human subjects. In this evaluation, members of the control group had access to alternative services in

their community, continued to receive welfare, Food Stamps, and Medicaid, and were eligible for transitional benefits, when they left welfare. Furthermore, since members of the control group were not subject to the program's participation mandate, they did not risk the potential reduction of their welfare grant for nonparticipation. In addition, in accordance with standard MDRC practices, MDRC formally requested that LA DPSS end the control group embargo on services at the end of the follow-up period (October 1998) and that the indicator of control group status be removed from GEARS. MDRC has also protected the confidentiality of all participants in these evaluations and have refused to share survey responses with any agency or organization that has access to sample members' identifiers.

MDRC staff were surprised by the accusation and implication that we acted improperly. The ERT statement is incorrect and misleading. The original study did abide by the laws governing human subjects.

Ultimately, the ethical obligations of organizations that conduct research on human subjects are (1) to conduct research with respect for the dignity and confidentiality of the people involved; (2) to employ reliable and generally accepted methods of social science research when measuring program effects; (3) to state the findings and policy recommendations as clearly as possible; and (4) to make sure all policy recommendations are supported by the evidence. MDRC has always adhered to these standards.

ECONOMIC ROUNDTABLE RESPONSES TO MDRC'S QUESTIONS AND COMMENTS

Page 2 of MDRC Review – Outcomes from Los Angeles County Basic Education Model

We find MDRC's conclusions regarding the 1988-1993 education-focused GAIN program in Los Angeles County problematic for the following reasons:

1. This program focused on the hardest to employ welfare recipients, targeting parents who had been on welfare three or more years. In several reports MDRC contrasts control-experimental outcomes from parents enrolled in GAIN from 1988 to 1990 with control-experimental outcomes from the 1996 research cohort, which was designed to represent recent entrants into welfare. This is not a valid comparison because recent entrants into welfare typically have much better employment outcomes than long-term welfare recipients.
2. The comment that the experimental group (that was exposed to more education and training) had net losses in measured income is not consistent with the data as we understand it. As we read MDRC's 1994 report, the experimental group began with slightly lower annual earnings than the control group (\$1,304 vs. \$1,308) and at the end of three years had higher earnings (\$1,939 vs. \$1,786) (MDRC 1994, p. 120).
3. When we control for population characteristics by looking just at parents with multiple barriers to employment and further control for family status and English ability, the ten years of follow-up earnings data shows significantly higher earnings for parents from all program models, education first and work first, who received education and training than for their counterparts who did not ("Education and Earnings" section of Chapter 3 of this report).

These issues are discussed at greater length the section of Chapter 7 titled, "MDRC's Evaluation of Los Angeles County's Education-Focused Program."

Page 3 of MDRC Review – Effect of Personal Characteristics on Participation in Education and Training

Please refer to our discussion of self-selection in Chapter 8.

Page 3 of MDRC Review – Effect of Limited English Ability on Outcomes Cited by the Economic Roundtable

The material that MDRC was given to review did differentiate between the earnings gains of parents with limited English ability and English speaking single mothers within the population with multiple barriers to employment when we compared the earnings of those who received education or training to those who did not. The average earnings advantage for parents who received education or training compared to those who did not was: 38% for parents with limited English ability and 44% for English speaking single mothers. This material is presented in the section of Chapter 3 of this report titled, "Education and Earnings".

Page 3 of MDRC Review – Effects of Physical Health Limitations, and Mental Health and Substance Abuse Problems on Participation in Education and Training and Subsequent Earnings Outcomes

We agree with MDRC that these factors have a significant adverse impact on earnings. This issue is explored in chapters 3, 6 and 7 this report and these groups are isolated, to the extent that they are identifiable, in discussions of program participation and earnings outcomes.

Page 4 MDRC Review – Controlling for Extraneous Factors in Studying the Link Between Participation in Education and Training and Future Earnings

This report establishes the link between participation in education and training and higher post-GAIN earnings by looking at many different subgroups of welfare parents and controlling extensively for the influence of extraneous factors on this outcome. In our view the link between participation in education and training and achieving earnings that are higher than comparable nonparticipants is indisputable. We agree with MDRC that self-selection plays a role in influencing who participates in education and training and who does not but, as discussed in Chapter 7, we think insight about these dynamics provides a basis for expanding participation in education and training and increasing the earnings level of many more welfare parents.

PAGE 5 MDRC REVIEW – MOST PARTICIPANTS IN EDUCATION AND TRAINING REMAIN POOR

We agree with MDRC that most participants in education and training remain poor, but not as poor as those who do not participate. Education and training offers more promise for long-term earnings progress than any other program strategy we have observed.

Page 5 of MDRC Review – Weighing the Control and Experimental Samples in MDRC’s 1996 Research Cohort by Assistance Group and Enrollment Status

Yes, the Economic Roundtable investigated the effect of the difference in the composition of the experimental and control groups when producing the data that shows much higher long-term earnings for both control and experimental group members who received education and training compared to those who did not. Weighting the experimental and control groups as suggested by MDRC increases rather than decreases the earnings advantage shown for parents who received GAIN education or training.

Page 5 of MDRC Review – Accounting for the End of the Control Group Embargo

Yes, we are aware of the end of the embargo on control group enrollment in GAIN that occurred in 1998. We show a corresponding increase in the control group’s employment rate following the end of this embargo in the fourth quarter of 1998.

Page 6 of MDRC Review – Comparing Cumulative Effects of Jobs-First to Education-Focused Programs

The earnings impact of \$500 to \$600 a year that MDRC attributes to the Jobs-First program model does not offer a path out of poverty. Earnings of most parents who do not receive education or training stagnate after the initial (and modest) earnings increase that results from more frequent employment. It is not valid to compare this to the earnings growth of the 1988-1990 experimental group because, as explained above, this group was characterized by acute barriers to employment. In our view this argument takes two carefully developed data sets and misuses them by inferring that the two groups were comparable. This illustrates the concern we raise in Chapter 7 about the problem of misplaced precision: the methodology for data collection appears to be rigorous, but overly broad inferences appear to be drawn in applying evidence from these narrow experiments to real life problems about welfare policy. We would also note that as we read MDRC’s data, within the hard-to-employ research group from 1988-1990, the experimental group (that had more frequent involvement in education and training than the control group) had 49% growth in earnings over three years vs. 37% for the control group.

Page 6 of MDRC Review - Recommendations

We agree with MDRC that part-time employment coordinated with part-time education or training and appropriate support services, including childcare, is a promising program model. We believe that education and training should not be limited to short-term programs because important public interests are served by

encouraging welfare parents to move toward their full productive potential. We also believe that parents should be actively encouraged to use their own initiative in seeking out opportunities for education or vocational training and that whenever possible within the constraints of state and federal legislation (including constraints on minimum hours that a parent must work in combination with an approved employment-related activity) the welfare-to-work program should approve participation in legitimate education and training programs. This flexibility and openness to “training by opportunity” is important given current county and state budget shortfalls.

Page 7 of MDRC Review – Ethical Concerns About MDRC’s Research on Human Subjects

The Economic Roundtable has been informed by the U.S. Department of Health and Human Services that it has been unable to locate any declaration or certificate related to protection of human subjects in the research program that MDRC conducted in Los Angeles County beginning in 1996. We accept MDRC’s explanation that it had a waiver from federal regulations concerning protection of human subjects in this project. Parents who were experimental research subject in this project did experience adverse impacts, including more frequent experiences hunger for entire families (MDRC 2000, p. ES-4). In our view all researchers have an ethical obligation to draw that fullest lesson that can be discovered from their subjects and to use those lessons in ways that benefit the groups that were used as research subjects. In this instance we believe that lesson includes the finding that education pays.

Sanctions

INTRODUCTION

Financial sanctions are one of the most serious actions that can be taken against a parent receiving public assistance. During a sanction the adult portion of a family's monthly aid is cut off. For a mother with two children this would reduce the grant by \$131, bringing it from \$679 a month down to \$548.¹ Financial sanctions are applied for not complying with a required GAIN activity, such as meeting with a GAIN Services Worker or attending an assigned Job Club session.

The stated objective of sanctions is to initially penalize non-compliant parents, and then direct them towards compliance with an assigned GAIN activity. Sanctions get worse each time they are imposed:

- First time: the grant is cut until GAIN determines the parent is complying with the rules.
- Second time: the grant is cut for 3 months or until GAIN determines the parent is complying, whichever time is longer.
- Third time and after: the grant is cut for at least 6 months or until GAIN determines the parent is complying, whichever is longer.

In simple terms sanctions are punishment. They are intended to evoke a felt response. From the perspective of welfare administrators, "Jobs-first GAIN case managers made frequent use of the program's formal enforcement procedures, including threats to reduce welfare grants, to encourage enrollees to participate in program activities or show good cause why they could not . . . Program administrators intended this high-enforcement case management approach and the strong pro-employment message to complement the program's high-quality, motivational job clubs. Together, these components of Jobs-First GAIN's approach encouraged enrollees to find work quickly and discouraged them from spending a long time in the program."² On the other hand, from the perspective of a welfare parent this may be experienced as cure by ordeal, a plan to punish families out of poverty.

The information available for this study did not enable us to assess the fairness of sanctions, but it did enable us to explore who gets sanctioned and the effect it has on their future earnings.

IDENTIFYING NON-COMPLIANCE

Financial sanctions are initiated by welfare-to-work services workers as well as by the computer-based case management system. The services workers often record who is not attending orientation, going to job club, attending school, or any other required activity. Parents who are not participating in the expected manner are subject to sanction. Alternatively, if the periodic progress reports that GAIN parents must submit documenting their employment status or their compliance with supportive services referrals (such as mental health) are late or entered into the computer incorrectly, they are automatically flagged as being non-compliant.

When an instance of non-compliance occurs, the computer system generates and mails a formal letter to the parent informing her or him of this status and scheduling a "cause determination" meeting with her or his GAIN services worker. This begins a process in which the parent

Table 17
Arguments for "Good Cause" Not to Sanction Parent

Approved?	Argument
No	ATTENDING COLLEGE FULL TIME
No	ATTENDING SCHOOL AND IN SHELTER-ADDRESS ALSO WRONG
No	BABY SICK NEEDED TO TAKE HER TO DOCTOR
No	BECOME HOMELESS BECAUSE GANG MEMBERS TAKING OVER
No	CAR WAS BROKEN
No	CARING FOR A CHILD UNDER 1 YEAR OLD
Yes	CARING FOR CHILD WHO HAS RESPIRATORY PROBLEMS
Yes	CARING FOR HUSBAND-HAS HEPATITIS C AND LIVER CONDITION
No	CHILD CARE AND TRANSPORTATION PROBLEMS
Yes	CLAIMED HIS BACK WAS CRACKED
Yes	COMPLETING COURT ORDERED COMMUNITY SERVICE
Yes	COMPUTER ERROR
Yes	CONTINUOUS CAREGIVER FOR AUTISTIC CHILD
No	CURRENTLY HOMELESS AND IN DOMESTIC VIOLENCE SERVICE
Yes	DAUGHTER WAS SICK HAD TO BRING TO DR HAS NOTE
Yes	DID NOT ATTEND JOB CLUB BECAUSE OF BUS STRIKE
No	DOESN'T KNOW HOW TO READ WIFE NOT ABLE TO HELP IN TIME
Yes	DUE TO BUS STRIKE DID NOT HAVE TRANSPORTATION
No	ENROLLED IN AMERICORPS VISTA STATE APPROVED PROGRAM
No	ENROLLED IN HOUSING AUTHORITY TRAINING PROGRAM
No	ENROLLED IN COSMETOLOGY SCHOOL
Yes	EVICTED
No	FATHER PASSED AWAY AND NEED MORE TIME
No	HAD A CAR ACCIDENT IN FEBRUARY AND IS UNDER DR'S CARE
Yes	HAD COURT ORDERED ANGER MANAGEMENT CLASS
No	HAS A CHILD UNDER SIX MONTHS
No	HOMELESS DID NOT RECEIVE MAIL
No	HOSPITALIZED DUE TO PREGNANCY PROBLEMS
No	ILL CHILD NO BABY SITTER AVAILABLE
No	IN COUNSELING FOR MENTAL HEALTH
No	IN TEMPORARY HOMELESS SHELTER
Yes	IS 18 YEARS OLD AND A FULL TIME STUDENT
Yes	IS A CAREGIVER FOR HER BLIND DAUGHTER
Yes	IS CURRENTLY IN TRAIN FOR BUS DRIVER MTA COACH
Yes	IS CURRENTLY ATTENDING MANDATORY REHAB PROGRAM
Yes	IS CURRENTLY HOMELESS
No	IS GETTING MENTAL HEALTH SERVICES PER MH NO ACTIVITY
Yes	IS GOING TO PSYCHIATRIC TREATMENT
Yes	IS HOMELESS
Yes	IS NEEDED TO HELP HER SON WHO'S HOUSE ARRESTED
Yes	IS PRESENTLY HOMELESS-HAS DISTRICT ADDRESS
Yes	JUST GOT OUT OF PSYCHIATRIC HOSPITAL
Yes	MUST ATTEND A COURT ORDERED ASSIGNMENT
Yes	NEEDS A SHELTER
No	NO CHILD CARE AVAILABLE
No	OUT WITH THE FLU
Yes	PROVIDED VERIFICATION OF COMMUNITY SERV. ATTENDANCE
Yes	REQUESTED MENTAL HEALTH SERVICES
No	SUFFERS FROM SEIZURE DISORDERS
Yes	WAS IN THE EMERGENCY ROOM WITH HER CHILD
Yes	WAS OUT OF TOWN TO TAKE CARE OF SICK MOTHER
Yes	WORKING FULL TIME AT SUBWAY NO LONGER IN SCHOOL

must prove within 20 calendar days that she had "good cause" for being non-compliant with GAIN. A sampling of good cause arguments and the official action taken to approve or disapprove each argument is shown in Table 17.

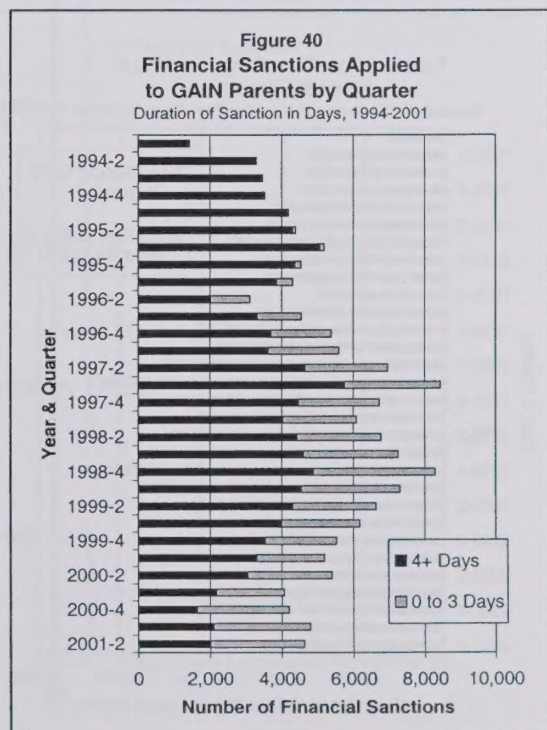
If no good cause can be established during this process or a subsequent appeal, the parents must either sign a document detailing their plans to perform the activity they previously failed to perform, or else be financially sanctioned. A second cause determination meeting can be scheduled if the first one is missed. If both of these appointments are missed or the explanation offered by the parent is unsatisfactory, the sanction is imposed. From 1998 through 2001, 30 percent of pending sanctions were averted because the parent succeeded in making a showing of good cause⁷; in the other 70 percent of cases sanctions proceeded because the parent was determined not to have good cause for not complying with program requirements.

Financial sanctions are applied to individual parents, eliminating their portion of the family's grant for the duration of the sanction. For single-parent families only the children's portion remains. For two-parent families the grant for the primary income earner is eliminated and the second parent must either begin working a minimum of 32 hours per week or enter the GAIN system of appraisals and job club sessions. If the second parent does not comply in this manner, the grant amount for the second parent is also eliminated.

DURATION, FREQUENCY AND TYPE OF SANCTIONS

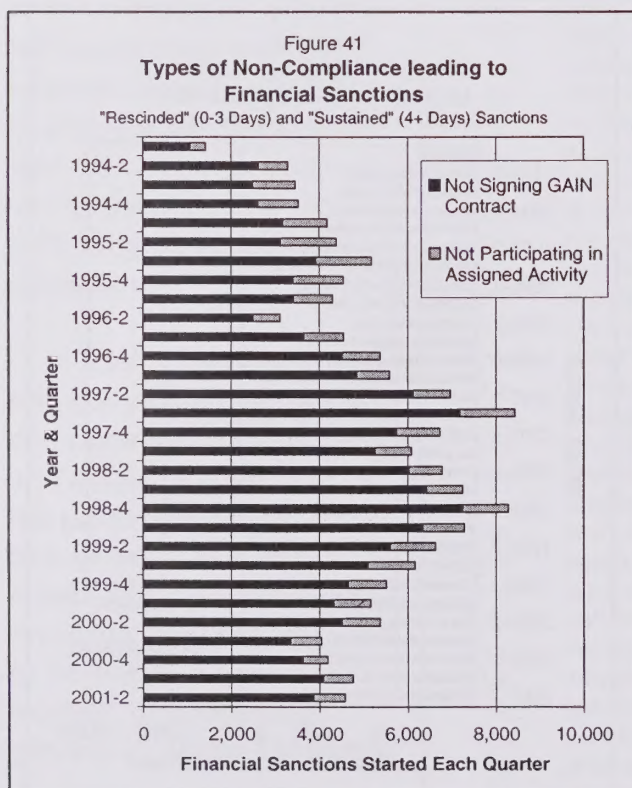
The duration of a financial sanction depends upon whether it is the CalWORKs parent's first, second, or third or subsequent sanction. The average duration of financial sanctions among GAIN participants from 1998 through 2001 was 150 days. During this period, 21 percent of all CalWORKs parents who completed a GAIN appraisal were sanctioned one or more times.

The number of financial sanctions rose noticeably starting in mid-



1994, corresponding with the shift to a "work-first" program model as well as the growing number of parents completing GAIN appraisals. The application of financial sanctions to CalWORKs parents continued at roughly the same numerical level well into 1999, despite rapid decline in the CalWORKs caseload since mid-1996. Trends in the overall number and type of sanctions are shown in Figure 40.³

Prior to 1996 most financial sanctions were imposed for periods of four days or longer. Another type of sanction, imposed for less than four days, became increasingly common beginning in 1996. The GAIN Program Handbook refers to these short financial sanctions as rescinded sanctions because a reduction in the CalWORKs parents' grant is threatened but later reversed when the parent complies with program requirements.⁴ These rescinded sanctions are on the parent's record but technically last zero days. In this analysis we broaden the definition of rescinded sanctions to include sanctions lasting up to three days so as to clearly differentiate threatened sanctions from sanctions that actually reduced the amount of money families received. The rescinded sanctions appear to have filled the need for a tangible threat to persuade large numbers of parents to adhere to the regimen of program activities that became mandatory for an increasing share of the overall caseload as GAIN began ramping up in 1996 for the onset of CalWORKs. From 1998 through 2001, 42 percent of all sanctions were rescinded and 58 percent were sustained.



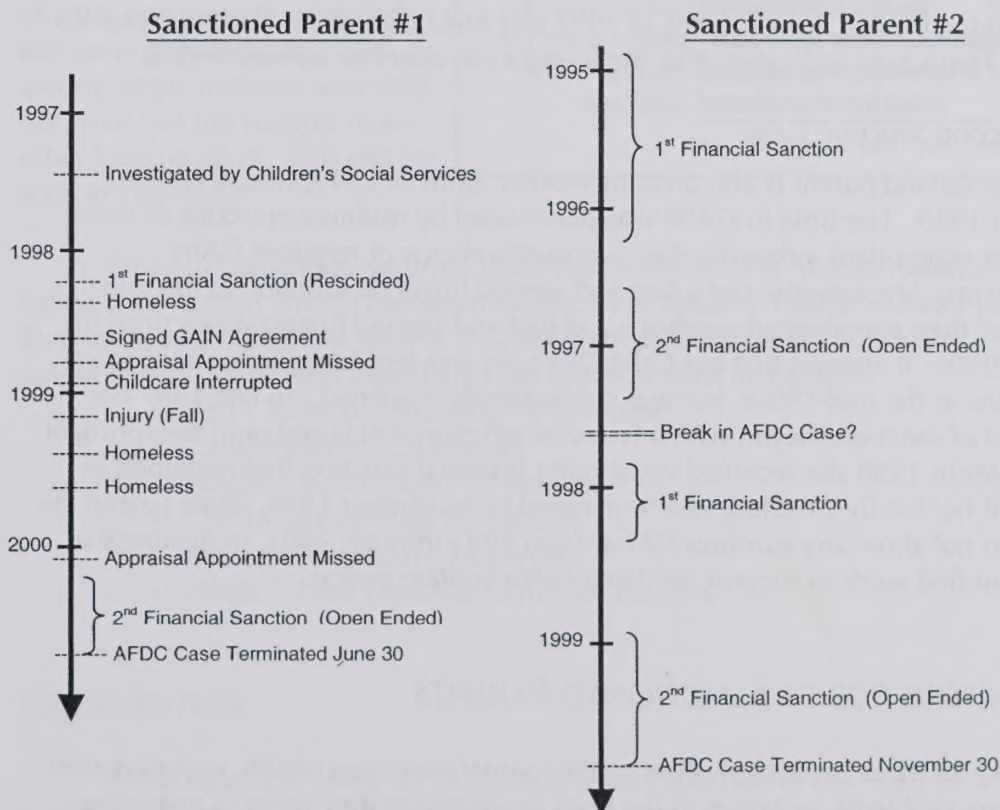
Under the rules that now make participation in employment-related programs mandatory, there are many situations in which the CalWORKs parents can be declared non-compliant, such as failure to attend meetings with GAIN staff, sign contracts or activity agreements, or participate in welfare-to-work activities such as Job Club. The most frequent form of non-compliance that led to financial sanctions, either rescinded (zero to three days) or sustained (four or more days), was not signing the GAIN contract or activity agreement. As shown in Figure 41, this accounted for 86 percent of all sanctions. Many of the parents in this category of non-

compliance did not show up for appointments where they were expected to sign a contract agreeing to GAIN rules and requirements. The next most common form of non-compliance, accounting for 14 percent of sanctions, was not participating in an assigned GAIN activity.⁵ It is noteworthy that 40 percent of all parents who were sanctioned had their entire family's welfare benefits cancelled on the same day.⁶ Sanctions often mark a watershed in the financial resources available to a family.

TWO CASES OF SANCTIONED PARENTS

What is the experience of parents who receive sanctions? To explore this question we looked at two parents with severe barriers to employment who were mandated to participate in GAIN, had several instances of non-compliance each, received one or more financial sanctions, and ultimately had their welfare terminated. A timeline for both cases is shown in Figure 42.

Figure 42
Non-Compliance/Sanction Experiences of CalWORKs Parents



First Sanction Case

The first parent is a Latina single mother, born in 1946, who entered welfare in 1991. She was found to be non-compliant in multiple instances in the late 1990s for not signing her GAIN contract (likely for not attending mandatory GAIN meetings). Her first financial sanction was applied in the winter of 1998 shortly after welfare reform was enacted in California. However, this sanction was rescinded soon after being applied because she was found to be homeless. In the summer of 1998 she signed a GAIN agreement but did not show up for the subsequent appraisal appointment. In the fall of 1998 an incidence of non-compliance was accompanied by an entry that her childcare arrangement had been interrupted, possibly explaining a missed appointment.

She was found to be non-compliant several times in 1999, but these were explained by entries stating that she was homeless at the time. In early 2000, another appraisal appointment was scheduled for her but missed, which subsequently became the grounds for a second financial sanction. This second sanction was accompanied by termination of her family's welfare in the summer of 2000.

The only earnings for this parent that show up in payroll tax records are \$1,175 during the last three months of 1993 and \$647 during the first three months of 1994. There is no indication that she found a job after her welfare ended.

Second Sanction Case

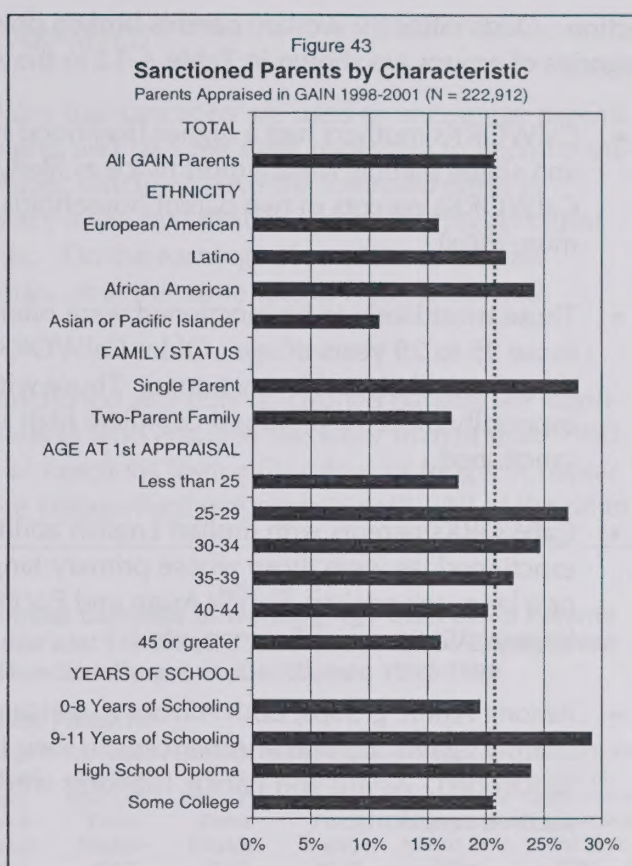
The second parent is also a Latina mother, born in 1949, whose entered welfare in 1989. Her time in GAIN was punctuated by multiple episodes of being labeled non-compliant, primarily due to non-attendance of required GAIN appointments. She experienced a first and second financial sanction in the mid-1990s, and then experienced another set of first and second financial sanctions in the late 1990s. It appears that her CalWORKs aid was terminated after this first set of sanctions in the mid-1990s, but was subsequently reopened. In late 1997 her second set of sanctions began with a financial sanction that lasted until the spring of 1998. Later in 1998 she received yet another financial sanction that remained in place until her family's welfare was terminated in November 1998. State payroll tax records do not show any earnings for her from 1992 through 2001, indicating that she did not find work to support her family after welfare ended.

CHARACTERISTICS OF SANCTIONED PARENTS

Like all other parents, welfare parents sometimes have health, transportation or childcare problems, or lapses in the level organization they bring to managing

their daily lives, making it difficult to fulfill all of their responsibilities for attending to their children's needs as well as maintaining an income for the family. What types of welfare parents experience these problems most frequently and are most likely to be sanctioned?

Not surprisingly, financial sanctions were most frequent among younger parents who were most likely to have very young children. They also were more frequent among parents with less formal education, who may have been less prepared to manage the demands of work concurrently with the demands of parenthood, and among single mothers who may not have had the support of another helping adult. This can be seen in Figure 43.⁷



Financial sanctions occurred more frequently among African American and Latino parents than among European American or Asian or Pacific Islander parents. Twenty-one percent of all parents in GAIN between 1998 and 2001 were sanctioned. Groups with especially high sanction rates included:

- 9-11 Years of Schooling - 29 percent
- Single Parent - 28 percent
- 25-29 years of age - 27 percent
- 30-34 years of age - 25 percent
- African American - 24 percent
- High School Diploma Only - 24 percent

ODDS RATIOS

Odds ratios can show us the comparative likelihood of members of a particular group of parents being sanctioned at all, as well as having a sustained

sanction. Odds ratios for welfare parents broken down into a number of different categories of groups are shown in Table A-12 in the Appendix. Highlights include:

- CalWORKs mothers had a higher likelihood of being sanctioned than men, and single parents were almost twice as likely to be sanctioned as CalWORKs parents in two parent households (especially sanctioned for 4 or more days).
- Those most likely to be sanctioned were often younger parents, particularly those 25 to 29 years of age. Older CalWORKs (grand) parents were among those least likely to be sanctioned. Those with fewer years of school, especially those who did not complete high school, were more likely to be sanctioned.
- CalWORKs parents with limited English ability were slightly less likely to be sanctioned, as were those whose primary language was Armenian, Spanish or a language spoken among Asian and Pacific Islanders (Mandarin, Tagalog, Korean, Vietnamese, Samoan, etc.).
- Among ethnic groups, both African Americans and Latinos contrasted sharply against European Americans in their high likelihood of being sanctioned. Asians and Pacific Islanders were the least likely of all groups to receive sanctions.
- The most likely group to be sanctioned for 4 or more days was parents who had been on CalWORKs (AFDC/TANF) for two or more years prior to participating in GAIN. These parents were almost 3 times more likely to be sanctioned than parents with shorter histories of receiving AFDC-related assistance. CalWORKs parents assigned to Job Club also had a high likelihood of being sanctioned, especially of having a sustained sanction, compared to parents not assigned to Job Club.
- Variations in employment and earnings history before GAIN did not seem to be associated with noteworthy differences in sanction rates.
- Lastly, CalWORKs parents who were coping with family dysfunction, as well as those who had received an exemption from having to participate in GAIN due to their own incapacity or having to care for someone else in their household, were roughly 50 percent more likely to be sanctioned at some point during their time in GAIN than those without those characteristics.

EFFECT OF SANCTIONS ON EARNINGS

The State of California explains that sanctions are used to encourage parents "to comply with program requirements and take the steps necessary to become self-sufficient."⁸ One indication of whether sanctions have the intended effect of moving parents toward self-sufficiency is the rate of subsequent earnings progress demonstrated by sanctioned parents. Do the earnings of sanctioned parents increase more slowly than, faster than, or at the same rate as non-sanctioned parents?

To compare outcomes of sanctioned and non-sanctioned parents we identified 46,189 working age (18-64) parents who engaged the labor market from 1992 through 1998 and received financial sanctions lasting four days or longer (Chapter 1 explains how the date of labor force engagement was determined). All of the other 269,770 appraised parents who engaged the labor market during the same period but were not sanctioned or sanctioned for less than 4 days were used as a comparison group. Grouping both sets of parents by year of labor force engagement, we determined their average earnings in the year they engaged the labor force as well as the following three years. This is shown in Table 18.

When we compare the earnings progress that sanctioned parents had achieved by

Table 18
Average Annual Earnings of Working Age CalWORKs Parents in the Second and Third Years After Labor Force Engagement Non-Sanctioned vs. Sanctioned 1992-1999

NON-SANCTIONED PARENTS

Year of Labor Force Engagement	Earnings in Year of Labor Force Engagement	Earnings in 1st Year After Labor Force Engagement	Earnings in 2nd Year After Labor Force Engagement	Earnings in 3rd Year After Labor Force Engagement	Change from Year of Labor Force Engagement to 2nd Year After	Change from Year of Labor Force Engagement to 3rd Year After
1992	\$1,932	\$2,571	\$3,054	\$3,468	58%	79%
1993	\$2,349	\$3,814	\$4,274	\$4,838	82%	106%
1994	\$2,987	\$4,615	\$5,295	\$6,261	77%	110%
1995	\$3,138	\$4,739	\$5,822	\$6,949	86%	121%
1996	\$3,533	\$5,817	\$7,044	\$7,852	99%	122%
1997	\$4,333	\$6,629	\$7,462	\$8,228	72%	90%
1998	\$4,102	\$5,865	\$6,732	\$7,166	64%	75%
1999	\$3,486	\$4,605	\$4,909	n.a.	41%	n.a.
<i>Average</i>	\$3,233	\$4,832	\$5,574	\$6,394	72%	98%

SANCTIONED PARENTS

1992	\$1,986	\$2,334	\$2,441	\$3,168	23%	60%
1993	\$2,128	\$3,146	\$3,703	\$4,326	74%	103%
1994	\$2,271	\$3,382	\$3,815	\$4,699	68%	107%
1995	\$2,682	\$3,922	\$4,706	\$5,669	75%	111%
1996	\$3,011	\$4,321	\$5,262	\$5,974	75%	98%
1997	\$3,461	\$5,041	\$5,596	\$6,356	62%	84%
1998	\$3,726	\$5,185	\$5,862	\$6,183	57%	66%
1999	\$4,056	\$5,549	\$5,828	n.a.	44%	n.a.
<i>Average</i>	\$2,915	\$4,110	\$4,652	\$5,197	60%	78%

their second and third years after labor force engagement to their unsanctioned counterparts we see that by the second year earnings of sanctioned parents had grown an average of 60 percent whereas earnings of unsanctioned parents had grown 72 percent. In the third year, earnings of sanctioned parents had grown an average of 78 percent and non-sanctioned parents 98 percent – a rate of earnings growth for sanctioned parents that was 26 percent less than for non-sanctioned parents.

In each year from 1992 through 1998, looking at earnings two and three years after labor force engagement – a total of fifteen points of earnings comparison - there was only one year and one comparison point in which sanctioned parents showed a greater rate of earnings progress than their non-sanctioned counterparts. This was the 1999 cohort two years after labor force engagement, that group of sanctioned parents showed a three-percentage-point advantage in their rate of earnings growth.

It is noteworthy that in 1999 sanctioned parents had significantly higher earnings immediately upon engaging the labor force than non-sanctioned parents and subsequently had a faster rate of earnings growth than non-sanctioned parents. From 1993 through 1997, sanctioned parents entered the labor market with lower average wages than non-sanctioned parents and had a slower rate of economic progress than non-sanctioned parents. This invites us to consider the possibility that a parent's competitive standing as she enters the labor market is more important for her movement toward self-sufficiency than whether or not she was shepherded into the labor market through the use of sanctions.

SUMMARY

Three findings emerge from this review of information about sanctions. First, sanctions are applied frequently - 21 percent of parents who were appraised from 1998 through 2001 were sanctioned. Second, parents who are most likely to have difficulty managing the responsibilities of both work and parenthood are also most likely to be sanctioned. This includes younger parents with younger children and parents with less education. Third, parents who are sanctioned tend to be poorer and to make less earnings progress after engaging the labor market than parents who are not sanctioned.

It is consistent with everything we know, including information about the low rate of effective service delivery for vulnerable parents in the previous chapter, to conclude that lack of education, lack of English ability, lack of work history in an industry paying living wages, lack of child care, health problems, and family

dysfunctions create barriers to self-sufficiency that far outweigh the impact of sanctions in determining the economic future parents are able to offer their children.

TABLE 1
Summary of the findings of the study

Findings of the study are presented in the following table:

Findings	Summary of findings
1. The study found that the majority of the sample (70%) were female, with the remaining 30% being male.	
2. The majority of the sample (70%) were aged between 18 and 24 years, with the remaining 30% being aged 25 years and over.	
3. The majority of the sample (70%) were from the United Kingdom, with the remaining 30% being from other countries.	
4. The majority of the sample (70%) were currently unemployed, with the remaining 30% being employed.	
5. The majority of the sample (70%) were currently living in social housing, with the remaining 30% being living in private housing.	
6. The majority of the sample (70%) were currently receiving financial support from their family, with the remaining 30% being not receiving financial support.	
7. The majority of the sample (70%) were currently receiving financial support from the state, with the remaining 30% being not receiving financial support.	
8. The majority of the sample (70%) were currently receiving financial support from their partner, with the remaining 30% being not receiving financial support.	
9. The majority of the sample (70%) were currently receiving financial support from their friends, with the remaining 30% being not receiving financial support.	
10. The majority of the sample (70%) were currently receiving financial support from their parents, with the remaining 30% being not receiving financial support.	

The study also found that the majority of the sample (70%) were currently unemployed, with the remaining 30% being employed. The majority of the sample (70%) were currently living in social housing, with the remaining 30% being living in private housing. The majority of the sample (70%) were currently receiving financial support from their family, with the remaining 30% being not receiving financial support. The majority of the sample (70%) were currently receiving financial support from the state, with the remaining 30% being not receiving financial support. The majority of the sample (70%) were currently receiving financial support from their partner, with the remaining 30% being not receiving financial support. The majority of the sample (70%) were currently receiving financial support from their friends, with the remaining 30% being not receiving financial support. The majority of the sample (70%) were currently receiving financial support from their parents, with the remaining 30% being not receiving financial support.

ADAM AND CRYSTAL
OCEAN JOURNAL
JOURNAL OF THE OCEANIC SOCIETY
VOLUME 10, NUMBER 1, 2004

ENDNOTES

¹ This example is for a family whose grant has not been reduced because of the parent's earned income. If the parent is working a portion of earned income is subtracted from the grant. The amount deducted from the monthly grant to families of working parents is half of gross monthly earnings, after subtracting (i.e., not counting) the first \$225 in earnings.

² Freedman, S., Knab, J.T., Gennetian, L.A., and Navarro, D. (June, 2000)/ "The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center." New York: Manpower Demonstration Research Corporation. P. 11.

³ Figure 40 counts new financial sanctions begun each quarter (based upon the financial sanction start date), not people. For example, a CalWORKs parent may experience multiple sanctions during her time in the GAIN program, and each of those sanctions is a distinct data point in this figure.

⁴ Los Angeles County Department of Public Social Services, "L.A. GAIN Program Handbook, chapter 13.

⁵ Other reasons for non-compliance, such as not going on a job interview, quitting a job, or underreporting earnings, were the causes of the other sanctions. These comprised too small a proportion of total sanctions to appear in Figure 41.

⁶ This percent is based upon a comparison of the date of sanction (found in the GEARS history records file) with the AFDC Termination Date (from the GEARS Case records file).

⁷ Figure 43 includes parents with "sustained" (4+ days) as well as those with "rescinded" (0-3 days) financial sanctions. When examined in isolation, the subset of parents who received one or more sustained (4+ days) financial sanctions has the same population distribution as the parents shown in Figure 43.

⁸ State of California Health and Human Services Agency, Department of Social Services, "All County Letter No. 00-23," March 28, 2000.

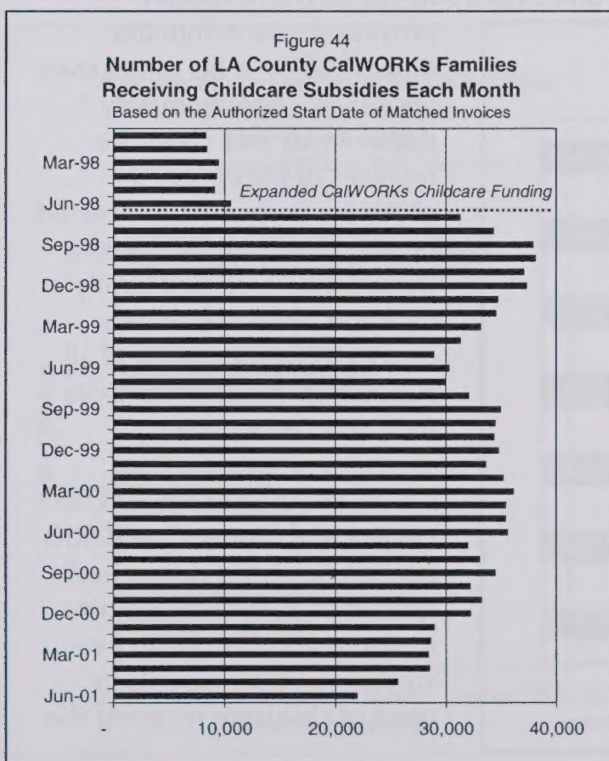
Chapter 10 Childcare

INTRODUCTION

CalWORKs parents in Los Angeles County have identified lack of childcare as the most significant barrier to their employment and provision of childcare as one of their highest priorities for government help (44 and 68 percent, respectively, gave these responses).¹ Childcare frees a single mother with young children to move toward self-sufficiency by participating in education or training programs or, more basically, simply leaving home to go to work. The CalWORKs Child Care Program was established for parents who are mandated to participate in GAIN activities, or who are employed a minimum number of hours per week.² This subsidy, usually paid directly to the childcare provider, is open to parents who are current or former CalWORKs recipients with children under 13 years of age (or up to age 18, if the child has special needs) and no spouse at home to help care for the children.

How many CalWORKs parents have access to childcare assistance and what impact does it have on their earnings? Only very limited childcare funding was

available before GAIN participation became mandatory. The subsidy was expanded in the summer of 1998 to accommodate the anticipated surge in childcare needs from parents transitioning from welfare to work, as shown in Figure 44. The analysis in this chapter focuses on parents using the CalWORKs Child Care Program from 1998 through 2001.



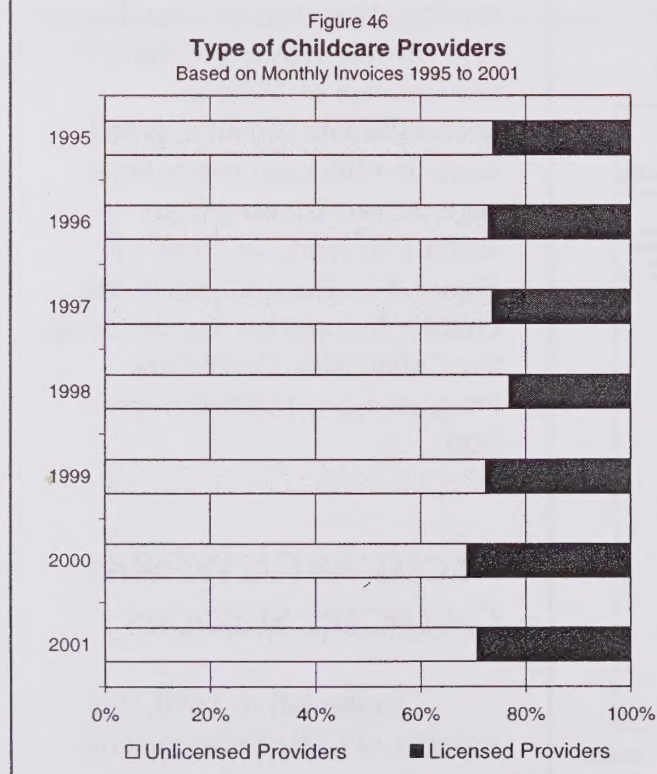
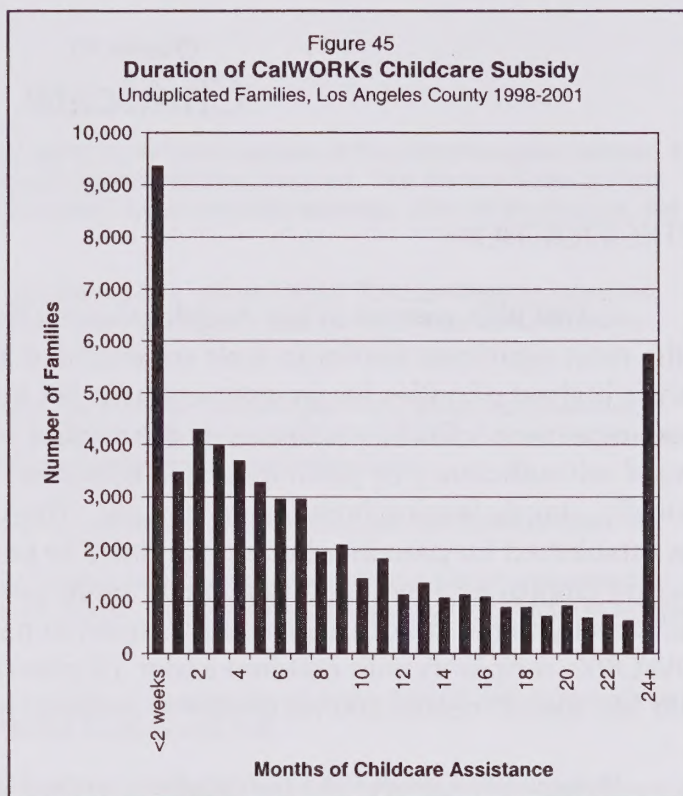
ACCESS TO CALWORKS CHILDCARE SUBSIDIES

In the fall of 1998, the number of CalWORKs parents

using childcare grew by over 10,000 as the expanded funding became available. The high point in the number of parents receiving childcare subsidies was reached during the 1999-2000 fiscal year.

The average duration of childcare subsidies for CalWORKs parents was about nine and one half months during the period of 1998 through 2001, as shown in Figure 45. Twenty-nine percent of parents received this subsidy for 3 months or less, while only 10 percent received assistance for 2 years or more.

The provider of childcare for CalWORKs parents is most often an unlicensed source, such as a relative



providing care within the household or in his or her own residence. Approximately 3 out of 4 monthly childcare invoices to the county's childcare program are received from unlicensed providers (Figure 46). Licensed family care and childcare centers provide about a quarter of all subsidized childcare services for CalWORKs parents.

In 2001, about 123,000 current and former CalWORKs parents held jobs during each quarter of the year.³ By this measure roughly one in five working welfare parents in need of childcare received this

assistance through the CalWORKs Child Care Program.⁴ Other research confirms that the county suffers from a significant overall shortage of subsidized childcare slots, as well as a specific shortage of slots in licensed childcare facilities.⁵

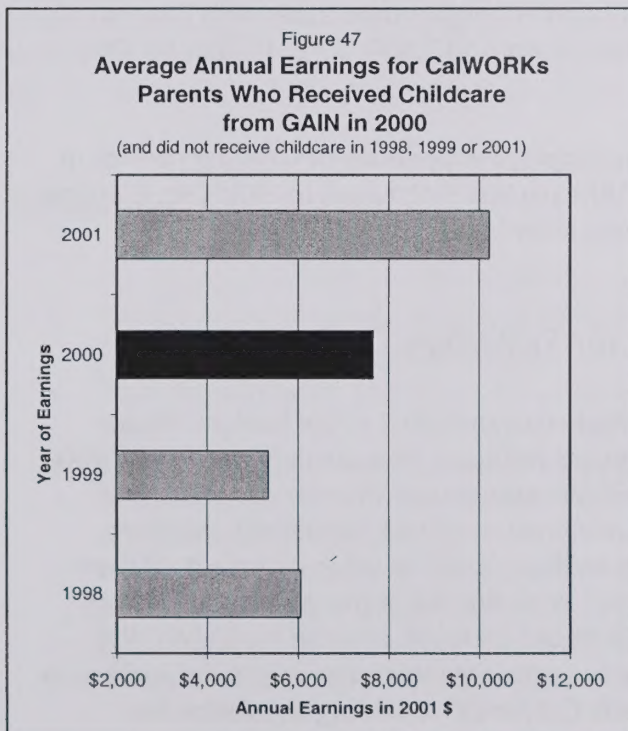
IMPACT OF CHILDCARE ON PARENT'S EARNINGS

Access to CalWORKs-subsidized childcare is associated with earnings progress, especially for persons with higher levels of education. In exploring the relationship between access to childcare and earnings, we examined the records of 1,872 CalWORKs parents who had received childcare subsidies for at least 6 months or more in the year 2000, but did not use these childcare services in 1998, 1999, or 2001. Our analysis thus compares this cohort's earnings before, during and after utilizing the CalWORKs Child Care Program. The earnings history of this group of parents is shown in Figure 47.

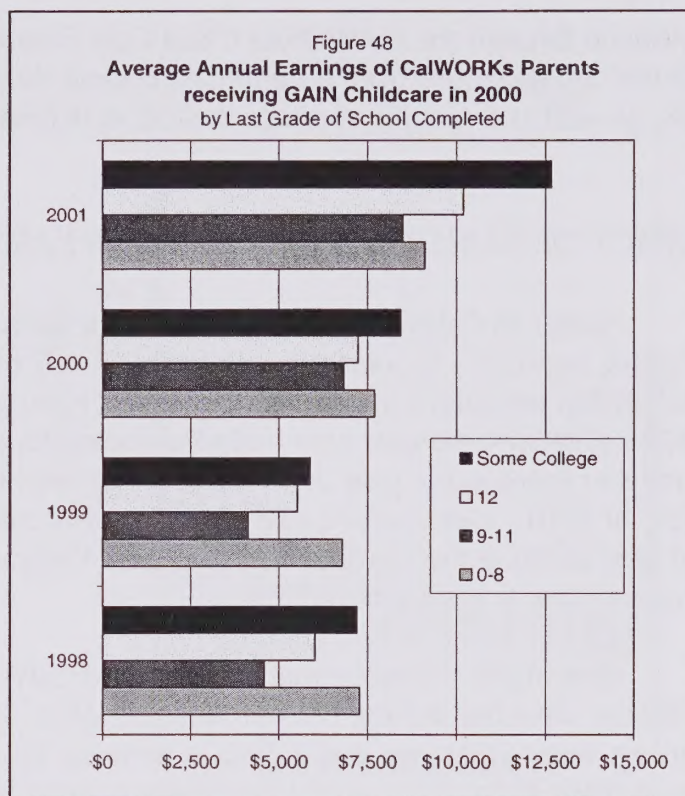
One might anticipate that this group of CalWORKs parents who received childcare subsidies during, but not before or after, 2000 would have had a surge in earnings during that year and a drop in earnings the following year. This intuition would make sense since access to childcare could be expected to coincide with being able to find and keep a job. However, our surprising and encouraging finding

was that these parents had earnings progress in 2001, after their subsidized childcare had ended, that was even greater than the progress they achieved in 2000 after childcare began. The 2001 earnings of parents who had 6 or more months of childcare in 2000 (but none in 1999 or 2001) were 52 percent higher than their 1999 earnings. This appears to demonstrate that access to GAIN childcare services builds a foundation for strong earnings progress.

We looked further at how educational attainment influenced earnings of this cohort of CalWORKs parents



who received childcare subsidies for at least 6 months in 2000, but not at all in 1998, 1999, or 2001. Their outcomes based on level of education are shown in Figure 48. While the earnings of parents in this cohort are expectedly differentiated based upon the number of years spent in school, the earnings advantage for those who received childcare subsidies in 2000 *and* who had completed 12 or more years of school was pronounced.⁶ CalWORKs parents with access to both childcare and education achieved markedly improved outcomes in the labor market. Parents who received childcare and had any level of exposure to college had earnings in 2001 that were 24 percent higher than their counterparts with just a high school diploma, and 49 percent higher than those with just 9 to 11 years of schooling (average annual earnings were \$12,667, \$10,193 and \$8,494, respectively).



These findings confirm the commonplace experience of working parents in general as well as reports from CalWORKs parents that access to childcare is critical for parents struggling to move off of welfare and into sustainable jobs.

IMPACTS OF REDUCED CHILDCARE SUBSIDIES

The current California State budget crisis threatens to cut back childcare funds and reduce the number of subsidized childcare slots available to CalWORKs parents. Most state budget scenarios project cutbacks in the current practice of giving former CalWORKs recipients preference in getting subsidized childcare, meaning that finding a job and leaving welfare would result in being cut off from childcare support. This would undercut one of the major promises made by Los Angeles County to welfare parents: "Childcare costs are covered for CalWORKs parents who need childcare to work or to participate in county-approved welfare-to-work activities."⁷ This assurance reflects California's enabling legislation for

CalWORKs, which states:

"It is the intent of this Legislature in enacting this article [CalWORKs] to ensure that recipients of aid ... are connected as soon as possible to local care resources, make stable child care arrangements, and continue to receive subsidized child care services after they no longer receive aid as long as they require those services and meet the eligibility requirements set forth..."⁸

As the state determines future levels of funding for childcare it is important to point out that Los Angeles County receives less than its fair share of state childcare funds. CalWORKs families in Los Angeles comprised 39 percent of the state's active caseload in November 2002, but only accounted for 26 percent of the state's childcare slots. If parity is determined based on expenditures rather than number of parents helped the gap shrinks but is still there; Los Angeles County received 32 percent of the state expenditures for CalWORKs childcare subsidies.⁹ In addition to shortfalls of state funding, effective access to childcare for CalWORKs parents in Los Angeles County is hampered by a persistent shortage of licensed facilities, in particular those willing to care for children of CalWORKs families. The aggregate capacity of childcare centers and other childcare facilities in Los Angeles County has been stagnant from the mid-1990s onward, despite a growing population and an increase in the number of parents needing childcare.¹⁰ This shortfall in access to affordable childcare represents an unfulfilled promise by the Los Angeles County's welfare-to-work program, and an added burden on families who are already among the poorest and most vulnerable in the county.

SUMMARY

Findings about childcare for CalWORKs families include:

- During a typical month roughly 30,000 welfare families in Los Angeles County receive childcare assistance.
- This may represent as little as one in fourteen families that need this assistance.
- Childcare support typically lasts for about nine and one half months.
- Three-quarters of childcare services for CalWORKs families comes from unlicensed providers.
- Access to subsidized childcare is associated with significant earnings progress, especially for parents with higher levels of education.
- Los Angeles County receives less than its fair share of childcare funds from the state. The county has 39 percent of all active cases in the state but has

only 26 percent of the childcare slots funded in the state and receives only 32 percent of state childcare funds for CalWORKs parents.

ENDNOTES

¹ Flaming, D. Kwon, P. and Burns, P. (2002) / *Running Out of Time: Voices of Parents Struggling to Move from Welfare to Work*. Los Angeles: Economic Roundtable.

² To be considered "employed," CalWORKs parents must be working a minimum number of hours per week. Single parents must be working 32 hours per week, while those in two-parent families must be working a combined 35 hours per week.

³ These 123,000 parents meet the following four criteria: (1) they participated in GAIN program activities, (2) they were enrolled in GAIN some time from 1998 to 2001, (3) they were less than 60 years of age in 2001, (4) they had earned income in 2001.

⁴ This is only a rough measure of the need for childcare services among welfare parents and includes parents who may well need childcare but are ineligible for CalWORKs childcare subsidies under the provisions of current legislation. Ineligible parents include those whose children are all older than 12 years as well as parents with a spouse who stays at home and can care for the children. In the recent survey of CalWORKs parents cited above, some parents commented that it is unwise to exclude children over 12 years of age from this program, noting that this is the age when children can begin getting into serious trouble.

⁵ Fuller, B., Waters Boots, S., Castilla, E. and Hirshberg, D. (2002) / *A Stark Plateau — California Families See Little Growth in Child Care Centers*. Berkeley, CA: Policy Analysis for California Education.

⁶ Earnings for persons with 0-8 years of schooling is skewed upwards in large part because these CalWORKs parents have foregone formalized education early in their lives to pursue work. For example, immigrant families from rural communities throughout Latin America and Asia rarely have access to education beyond 6 years. Young people who have come through the public school systems of Los Angeles also have a significant school dropout rate, a phenomenon that the LA Community Coalition for Substance Abuse and Prevention calls "the disappeared".

⁷ County of Los Angeles, Department of Public Social Services. (2000) / "CalWORKs: Reap Rewards Through Working". pp. 16-17.

⁸ California Education Code § 8350(a). This code is contained under the state's General Education Code Provisions, Part 6: Education Programs--State Master Plans, Chapter 2: Child Care And Development Services Act, Article 15.5: Child Care for Recipients of the CalWORKs Program.

⁹ California Department of Social Services, Research and Development Division. (November, 2002) / Data Tables: CW 115 - Child Care Monthly Report - CalWORKs Families & CA 237 CW - CalWORKs Cash Grant Caseload Movement Report (http://www.dss.cahwnet.gov/research/CalWORKsDa_388.htm). "This monthly report includes data on the number of CalWORKs families and children for whom Stage 1 child care payments were made in the report month broken out by the families' participation in the Welfare-to-Work or Cal-Learn Programs, or who were No Longer on Aid."

¹⁰ Fuller, B., Waters Boots, S., Castilla, E. and Hirshberg, D. (2002) / *A Stark Plateau — California Families See Little Growth in Child Care Centers*. Berkeley, CA: Policy Analysis for California Education. The costs of childcare in Los Angeles County are continuing to rise, in part due to the overall scarcity of childcare that all working parents in the region require, and in part due to the high overhead costs (paperwork, reimbursement turnaround time) associated with CalWORKs children.

The Labor Market Experience of Los Angeles County Welfare-to-Work Parents 1998-2001

INTRODUCTION

Welfare reform was implemented in the last years of the 1990s' economic expansion. At that time, workers could embark on job searches in a buoyant regional economy. But how successful were welfare parents in achieving economic self-sufficiency? What factors were associated with successful labor market outcomes?

This chapter addresses these and related issues by describing and evaluating the employment outcomes of the cohort of 160,782 welfare parents who had a GAIN appraisal in 1998.¹ Confidential earnings data provided by the California Employment Development Department (EDD) was matched with Los Angeles County Department of Public Social Services (DPSS) case files. This allows us to track the employment experiences of welfare parents in the formal economy, excluding any income obtained through informal activity and self-employment.

To better understand the experiences of workers of different backgrounds, we divided the 1998 cohort into six groups based on ethnicity and immigration status. Although immigration data was not available to us, we used the indicator for United States citizenship in the DPSS case file to distinguish between US citizens and recent immigrants². These groups include:

- Latinos (US Citizens) (n = 50,919)
- Latinos (Recent Immigrants) (n = 26,666)
- African Americans (n = 42,846)
- European Americans (US citizens) (n = 23,552)
- Asian Americans (recent immigrants) (n = 5,355)
- European Americans (recent immigrants) (n = 3,985)

Based on primary language spoken at home, most Asian American immigrants were Vietnamese and Chinese, while most European American immigrants were Armenian.

The following questions are considered:

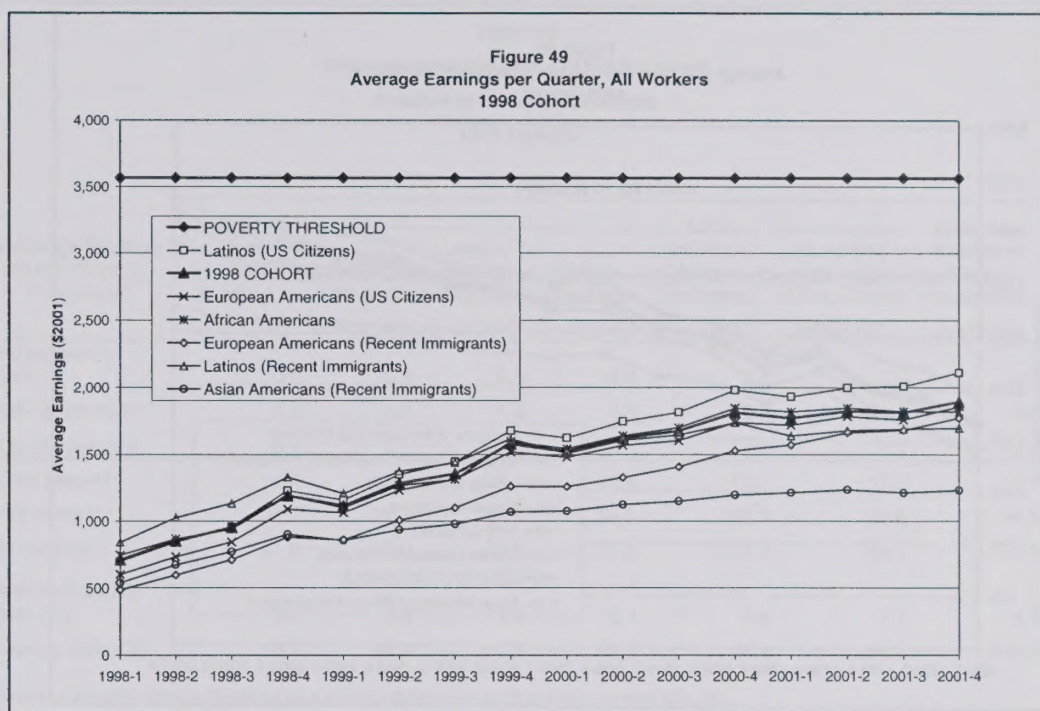
- What were the trends in average earnings for the 1998 cohort, and the ethnic immigrant groups represented in the cohort? How many workers were able to earn incomes above the poverty threshold? How did their poverty and self-sufficiency rates change between 1998 and 2001? How did they vary between ethnic immigrant groups?
- To what degree were welfare parents able to achieve job stability? What were their unemployment and turnover rates, and how did these change between 1998 and 2001? How did they vary between ethnic immigrant groups?
- What were the major industries employing welfare parents? What were the industry niches of welfare parents? Did the parents' industry distribution vary according to their ethnicity and immigration status?
- What factors were positively and negatively associated with earnings above the poverty threshold? What explains earnings outcomes for different ethnic immigrant groups?

TRENDS IN AVERAGE EARNINGS, 1998-2001

Workers in the 1998 cohort experienced a steady rise in average earnings per quarter between 1998 and 2001. The average earnings for all workers in the 1998 cohort increased from \$1,190 in the fourth quarter of 1998 to \$1,895 in the fourth quarter of 2001 (Figure 49). This was equivalent to annual earnings of \$7,580. Latinos (US Citizens) had the highest earnings in the fourth quarter of 2001 (\$2,112), while recent Asian American immigrants had the lowest earnings (\$1,232).

Although average earnings were increasing for every group over the four-year period, they remained well below the federal poverty threshold. The 2001 poverty threshold for a family including one adult and two children (the most prevalent family configuration for welfare parents) was \$14,269 (or \$3,567 per quarter). At their highest, during the fourth quarter of 2001, the average earnings of all welfare parents were at only 53 percent of the poverty threshold.

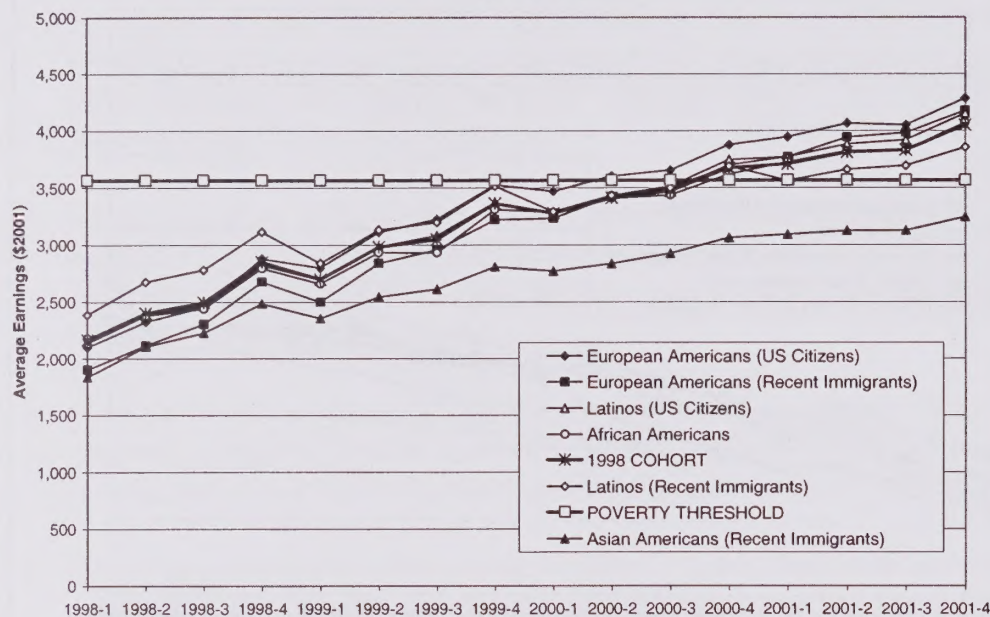
The earnings trends shift upward when unemployed workers are removed in each quarter (Figure 50). (For example, the unemployment rate among members of the 1998 cohort in the fourth quarter of 2001 was 53.2 percent). The average



quarterly earnings of employed workers rose above the poverty threshold near the end of 2000. In the fourth quarter of 2001, the average income of all employed workers in the cohort was \$4,050, or 14 percent above the poverty line. European Americans (US Citizens) had the highest quarterly earnings (\$4,287), and recent Asian American immigrants had the lowest earnings (\$3,242). These immigrants had consistently lower earnings than other parents in the cohort. The average earnings of the other five groups tracked each other closely, with each group rising out of poverty in the quarters that they worked in 2001.

It might be tempting to see this trend of rising earnings as proof that welfare reform has worked. However, these averages conceal a great disparity in labor market outcomes for individual parents. In each quarter, at least half of the parents in the 1998 cohort were unemployed. Moreover, even when unemployed workers are excluded, at the end of 2001 average quarterly earnings were barely above the poverty threshold, and remained below the level necessary for self-sufficiency.

Figure 50
Average Earnings per Quarter, Employed Workers
1998 Cohort



POVERTY AND SELF-SUFFICIENCY

How many members of the 1998 cohort achieved economic self-sufficiency? To address this question, we calculated frequency distributions of parents' annual earnings between 1998 and 2001, relative to the federal poverty threshold (see Tables 19 to 22). Figure 51 compares the *poverty rates* of each ethnic immigrant group between 1998 and 2001, and Figure 52 shows the corresponding *self-sufficiency rates*. The self-sufficiency rate is based on the number of workers with annual earnings of 150 percent of the poverty threshold or higher. This is a more realistic indicator of economic self-sufficiency in metropolitan Los Angeles than the poverty threshold, which has not been revised to take into account rising costs of housing, utilities, and other expenses. In 2001, the self-sufficiency threshold was \$21,404 a year.

The increase in average earnings between 1998 and 2001 contributed to a falling poverty rate for the 1998 cohort, from 93 percent in 1998 to 79 percent in 2001. As can be seen from these figures, unemployment kept the poverty rate high throughout this period. Immigrant parents were more likely to have sub-poverty earnings than US citizens.

Table 19
Frequency Distribution of 1998 Earnings
Relative to Poverty Threshold
1998 Cohort

Earnings Relative to the Poverty Threshold*	Percent of Workers						
	All GAIN Workers	Latinos (US Citizens)	Latinos (Recent Immigrants)	African Americans	Asian Americans (Recent Immigrants)	European Americans (US Citizens)	European Americans (Recent Immigrants)
	(n=160,782)	(n=50,919)	(n=26,666)	(n=42,846)	(n=5,355)	(n=23,552)	(n=3,985)
200 percent or more	0.5	0.5	0.6	0.6	0.2	0.6	0.5
150-199 percent	1.3	1.3	1.3	1.5	0.7	1.1	0.8
100-149 percent	5.1	5.1	7.0	5.3	2.2	4.2	3.3
50-99 percent	14.2	14.3	17.1	13.4	13.7	12.3	9.1
1-49 percent	31.7	33.9	27.5	34.0	27.2	29.8	26.8
No earnings	47.2	45.0	46.5	45.2	55.9	52.1	59.5
Self-Sufficiency Rate (%)	1.8	1.8	1.9	2.1	0.9	1.7	1.2
Poverty Rate (%)	93.1	93.2	91.1	92.6	96.9	94.1	95.4

*Based on the 2001 poverty threshold for a family including one adult and two children: \$14,269.
 All earnings were converted into 2001 dollars.

Table 20
Frequency Distribution of 1999 Earnings
Relative to Poverty Threshold
1998 Cohort

Earnings Relative to the Poverty Threshold*	Percent of Workers						
	All GAIN Workers	Latinos (US Citizens)	Latinos (Recent Immigrants)	African Americans	Asian Americans (Recent Immigrants)	European Americans (US Citizens)	European Americans (Recent Immigrants)
	(n=160,782)	(n=50,919)	(n=26,666)	(n=42,846)	(n=5,355)	(n=23,552)	(n=3,985)
200 percent or more	1.6	1.4	1.3	1.8	0.7	2.0	1.6
150-199 percent	3.3	3.5	3.0	3.6	1.5	3.5	2.1
100-149 percent	8.5	9.7	10.3	8.1	4.1	7.7	5.6
50-99 percent	16.2	17.0	18.3	14.6	16.8	13.9	13.4
1-49 percent	27.9	29.4	23.1	31.8	22.3	25.8	23.4
No earnings	42.5	39.0	44.0	40.1	54.5	47.1	54.0
Self-Sufficiency Rate (%)	4.9	4.9	4.4	5.3	2.3	5.5	3.7
Poverty Rate (%)	86.6	85.4	85.4	86.6	93.6	86.8	90.7

*Based on the 2001 poverty threshold for a family including one adult and two children: \$14,269.
 All earnings were converted into 2001 dollars.

Table 21
Frequency Distribution of 2000 Earnings
Relative to Poverty Threshold
1998 Cohort

Earnings Relative to the Poverty Threshold*	Percent of Workers						
	<i>All GAIN Workers</i> (n=160,782)	<i>Latinos (US Citizens)</i> (n=50,919)	<i>Latinos (Recent Immigrants)</i> (n=26,666)	<i>African Americans</i> (n=42,846)	<i>Asian Americans (Recent Immigrants)</i> (n=5,355)	<i>European Americans (US Citizens)</i> (n=23,552)	<i>European Americans (Recent Immigrants)</i> (n=3,985)
200 percent or more	3.1	3.0	2.2	3.6	1.6	3.7	3.5
150-199 percent	5.1	5.8	4.4	5.4	2.4	5.1	3.9
100-149 percent	10.4	12.1	11.8	10.2	5.6	8.9	6.1
50-99 percent	16.5	17.3	18.5	14.8	16.4	14.5	13.2
1-49 percent	25.0	26.0	19.8	29.0	21.5	22.8	22.9
No earnings	40.0	35.8	43.3	37.1	52.5	45.0	50.3
Self-Sufficiency Rate (%)	8.1	8.8	6.6	8.9	4.0	8.8	7.4
Poverty Rate (%)	81.4	79.1	81.6	80.9	90.4	82.3	86.5

*Based on the 2001 poverty threshold for a family including one adult and two children: \$14,269.
 All earnings were converted into 2001 dollars.

Table 22
Frequency Distribution of 2001 Earnings
Relative to Poverty Threshold
1998 Cohort

Earnings Relative to the Poverty Threshold*	Percent of Workers						
	<i>All GAIN Workers</i> (n=160,782)	<i>Latinos (US Citizens)</i> (n=50,919)	<i>Latinos (Recent Immigrants)</i> (n=26,666)	<i>African Americans</i> (n=42,846)	<i>Asian Americans (Recent Immigrants)</i> (n=5,355)	<i>European Americans (US Citizens)</i> (n=23,552)	<i>European Americans (Recent Immigrants)</i> (n=3,985)
200 percent or more	4.4	4.6	2.8	5.1	2.4	5.2	5.3
150-199 percent	6.0	7.1	4.7	6.5	2.3	5.9	4.4
100-149 percent	11.1	13.2	12.3	10.3	5.8	9.7	7.7
50-99 percent	15.0	15.6	16.8	13.4	16.4	13.0	13.2
1-49 percent	22.0	22.3	18.6	25.2	19.3	20.1	19.6
No earnings	41.6	37.2	44.8	39.6	53.7	46.2	49.8
Self-Sufficiency Rate (%)	10.4	11.7	7.5	11.5	4.7	11.1	9.8
Poverty Rate (%)	78.5	75.1	80.2	78.2	89.5	79.3	82.5

*Based on the 2001 poverty threshold for a family including one adult and two children: \$14,269.
 All earnings were converted into 2001 dollars.

Figure 51
Poverty Rate, 1998-2001
1998 Cohort

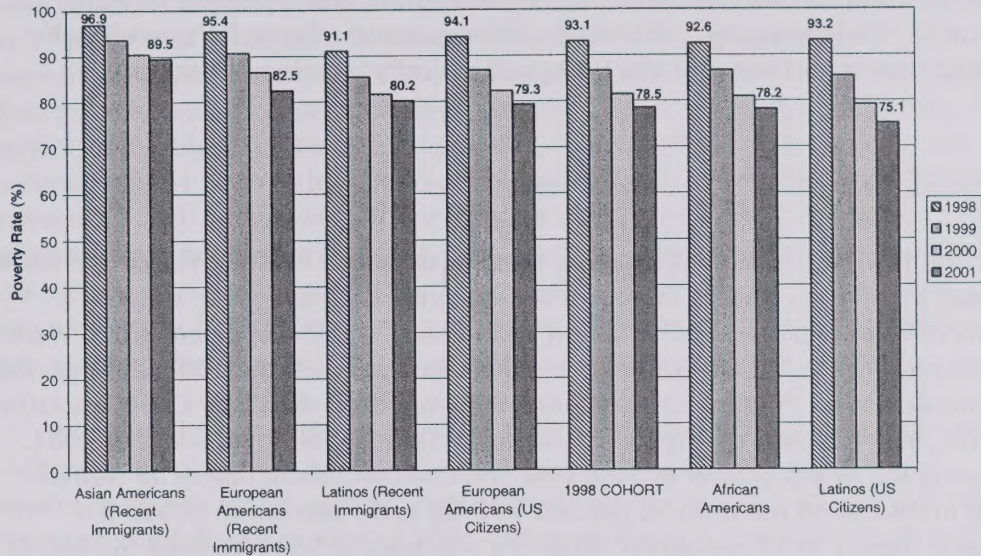
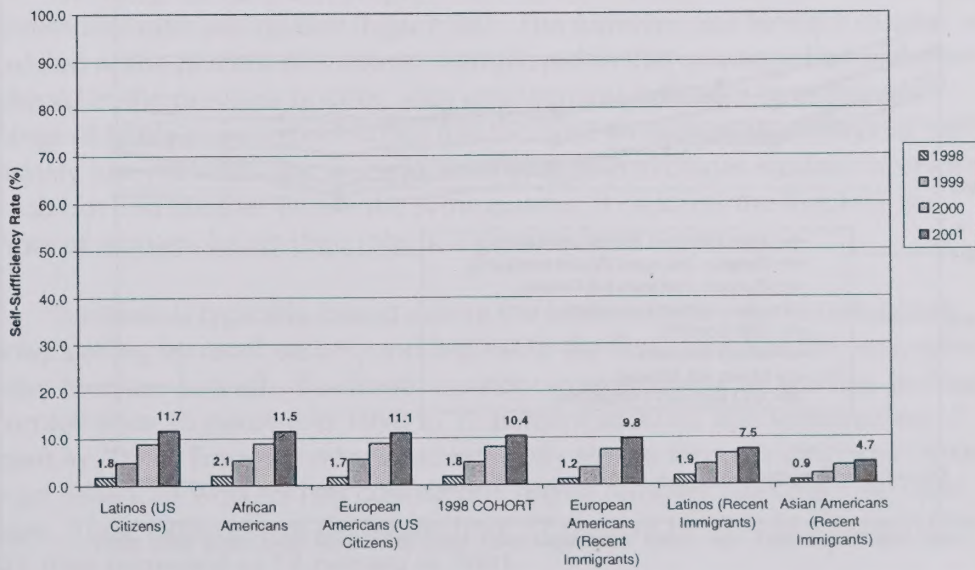


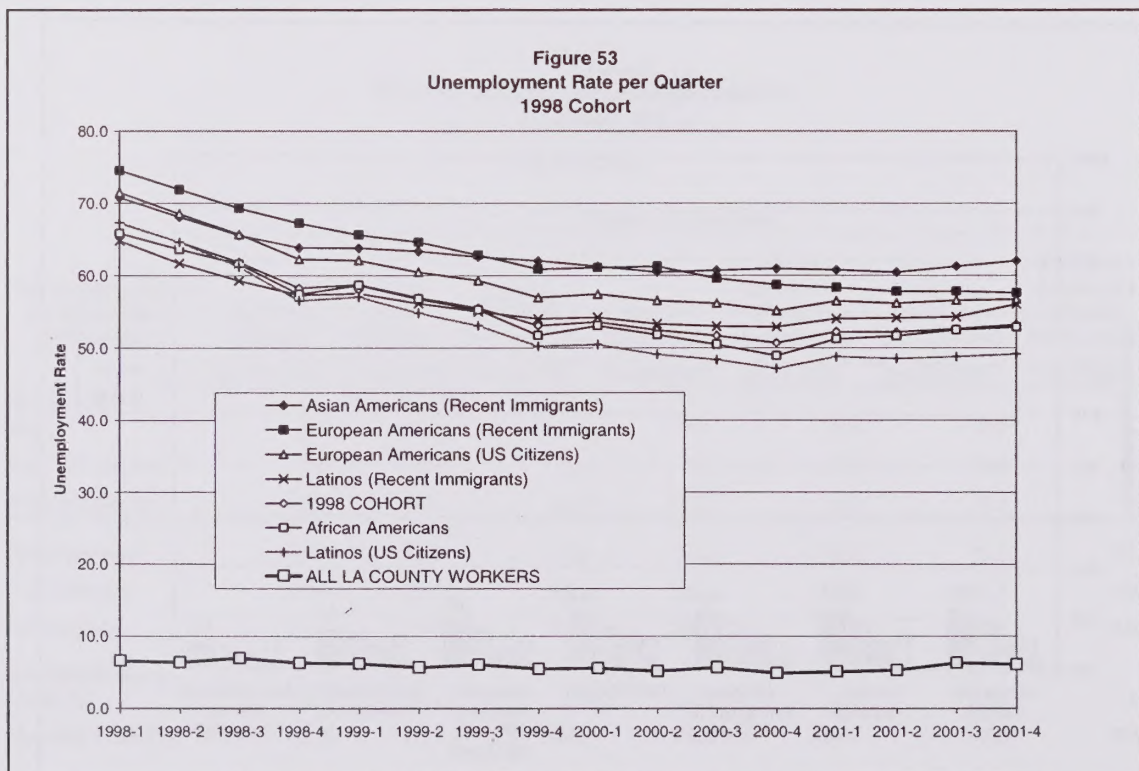
Figure 52
Self-Sufficiency Rate, 1998-2001
1998 Cohort



The self-sufficiency rate of the 1998 cohort increased from 2 to 10 percent between 1998 and 2001. The three non-immigrant groups had self-sufficiency rates between 11 and 12 percent in 2001. Immigrant self-sufficiency rates were 10 percent for European Americans, 7 percent for Latinos, and 5 percent for Asian Americans. While growing numbers of welfare parents achieved economic self-sufficiency between 1998 and 2001, the vast majority remained in poverty.

FLEXIBLE EMPLOYMENT

The low wages and high poverty rates experienced by the 1998 cohort are in large part a result of unstable labor market attachment. In any given quarter, a majority of welfare parents in the cohort and in each ethnic immigrant group were unemployed (Figure 53). *Unemployment rates* declined over the 1998-1999 period, when workers were entering or re-entering the workforce after their GAIN appraisal. However, they flattened out in 2000, and began to rise again by the end of 2001. Comparing the fourth quarter in each year, the unemployment rate of all welfare parents in the cohort fell from 58 percent in 1998 to 53 percent in 1999. It decreased slightly to 51 percent in 2000, but was back at 53 percent by the end of 2001.

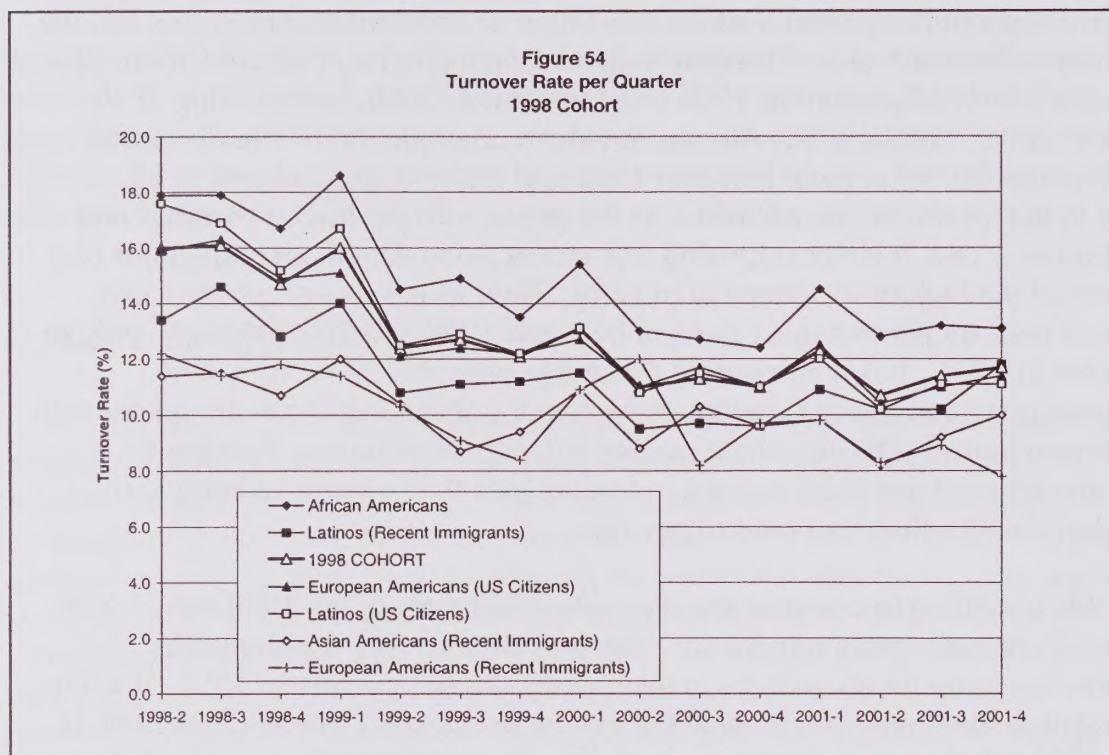


Throughout this period, Latinos (US Citizens) and African Americans had the lowest unemployment rates. The fourth-quarter unemployment rate of Latinos (US Citizens) fell from 57 percent in 1998 to 47 percent in 2000, before rising to 49 percent in 2001. Similarly, the African American unemployment rate decreased from 57 percent to 49 percent between 1998 and 2000, then increased to 53 percent in the fourth quarter of 2001. As the group with the lowest earnings and highest poverty rate, it is not surprising that recent Asian American immigrants also experienced the highest incidence of poverty. Their fourth-quarter poverty rate decreased from 64 percent to 61 percent between 1998 and 2000, rising slightly to 62 percent in 2001. It is worth noting that the poverty rate of recent Latino immigrants remained lower than that of the two European American groups through the four-year period, although their average earnings were lower. Apparently, Latino immigrants have more success in finding jobs than parents of European origin, but the jobs they find tend to pay less.

It is unsettling to compare the unemployment rates of the 1998 cohort with the official unemployment rate for Los Angeles County.³ The fourth-quarter unemployment rate for all workers in the county was 6.3 percent in 1998. It fell to 4.9 percent in the fourth quarter of 2000, before rising to 6.1 percent at the end of 2001. Although the unemployment *trend* of welfare parents followed that of the workforce as a whole, the *level* was roughly ten times higher than the official overall rate, demonstrating that most of these workers were tenuously connected with the regional economy.

The marginal nature of employment for most welfare parents was reflected in their turnover rates per quarter (Figure 54). The *turnover rate* for each quarter was calculated as the percent of workers unemployed in that quarter who had been employed in the previous quarter, with employment indicated by minimum earnings of \$100 in a quarter. While this includes workers with a marginal loss in extremely low incomes (say, from \$150 to \$50), and excludes workers who lose one job but find another within the same quarter, it captures the much larger number of workers losing their jobs in a given quarter.

Turnover is typically lowest during the fourth quarter, due to temporary holiday staffing by retail outlets, and highest in the first quarter of the year, when holiday hires are laid off. The fourth quarter turnover rate of all workers in the 1998 cohort fell from 15 percent in 1998 to 11 percent in 2000, and increased to 12 percent in 2001. Turnover rates were relatively similar through 2000 and 2001. African American workers had consistently higher turnover rates than the other groups. Their turnover rate decreased from 17 percent in 1998 to 12 percent in 2000, then increased to 13 percent in 2001.



The upshot of these high rates of unemployment and turnover is that only one in four workers were employed in 13 or more of the 16 quarters between 1998 and 2001 (Table 23). Recent Latino immigrants were most likely to have been employed in at least 13 quarters (27 percent), while recent European American immigrants were least likely to have worked in at least 13 quarters (21 percent). At the other end of the scale, 24 percent of welfare parents in the 1998 cohort did not have official earnings in any quarter through the four-year period. The incidence of long-term unemployment was highest among recent Asian American immigrants (38 percent), and lowest among Latinos (US Citizens) (20 percent).

Taken together, these indicators highlight significant labor market churning in the experience of welfare parents, even during a period of economic expansion and low overall unemployment.

INDUSTRY NICHEs OF THE WORKING POOR

Welfare parents, and the working poor in general, are highly concentrated in low-wage service industries. The industry distribution of workers employed in the third

Table 23
Frequency Distribution of Quarters Employed, 1998-2001
1998 Cohort

Number of Quarters Employed*	<i>All GAIN Workers</i> (n=160,782)	<i>Latinos (US Citizens)</i> (n=50,919)	<i>Latinos (Recent Immigrants)</i> (n=26,666)	<i>African Americans</i> (n=42,845)	<i>Asian Americans (Recent Immigrants)</i> (n=5,355)	<i>European Americans (US Citizens)</i> (n=23,552)	<i>European Americans (Recent Immigrants)</i> (n=3,985)
16	10.1	9.9	12.0	9.5	9.7	8.5	9.6
13 to 15	14.5	15.6	15.1	13.8	13.4	13.1	11.3
10 to 12	12.3	13.7	11.3	12.9	9.6	11.7	10.1
7 to 9	11.9	13.0	10.5	13.0	8.5	11.2	9.6
4 to 6	12.4	13.1	10.3	13.8	9.5	12.3	11.7
1 to 3	15.1	15.2	13.6	16.6	11.5	15.6	12.8
0	23.7	19.6	27.3	20.4	37.9	27.8	34.7

*A person was considered employed in a quarter if his or her earnings were at least \$100.

quarter of 2001 is shown in Table 24. This quarter was chosen because 2001 is the most recent year covered by this study, and the employment figures for the third quarter of any year typically resemble the annual averages more closely than those of any other quarter. Nineteen industry sectors are identified, based on the new North American Industry Classification System (NAICS). These industry sectors have been identified as high-wage, mid-wage, and low-wage industry groups based on the average annual wage of all workers in the industry in 2000 (see Chapter 12). The shaded cells in Table 24 identify industry niches, which are industries in which a group's employment share is at least 1.5 times greater than the entire workforce's employment share.

With few exceptions, the industry niches of welfare parents were in low wage industries. The two industry niches of the 1998 cohort as a whole were administrative and support services, employing 13 percent of welfare parents, and other services (e.g. personal and repair services), employing 8 percent of welfare parents. While all parents were highly concentrated in the low-wage sector, there were distinct industry specializations among the ethnic immigrant groups. Latinos

Table 24
Industry Employment Distribution of the 1998 Cohort
Third Quarter, 2001

NAICS Industry Sector*	Percent of Employment						
	All Cohort 1998 Workers (n=73,403)	Latinos (US Citizens) (n=25,197)	Latinos (Recent Immigrants) (n=11,822)	African Americans (n=19,255)	Asian Americans (Recent Immigrants) (n=2,049)	European Americans (US Citizens) (n=9,957)	European Americans (Recent Immigrants) (n=1,593)
HIGH-WAGE INDUSTRIES	14.1	14.5	8.1	17.1	10.6	15.8	13.5
Professional, Scientific, & Technical Srv.	3.2	3.5	1.9	3.3	1.3	4.7	3.6
Finance & Insurance	3.2	3.8	1.4	3.7	2.1	3.4	3.3
Information	2.0	1.7	1.2	3.0	0.6	2.4	1.2
High Technology Manufacturing	0.9	0.8	1.3	0.3	4.0	0.8	0.6
Public Administration	3.7	3.8	1.4	5.7	1.0	3.2	4.5
Arts, Entertain., & Recreation	1.1	0.9	0.9	1.1	1.6	1.3	0.3
MID-WAGE INDUSTRIES	35.0	37.0	35.7	36.4	20.1	37.3	30.6
Wholesale Trade	3.7	4.3	5.4	1.5	3.7	4.0	4.4
Construction	2.3	2.3	3.9	1.1	1.8	3.1	3.5
Transportation & Warehousing	3.9	3.8	2.5	6.0	1.2	2.8	2.0
Real Estate, Rental & Leasing	1.6	1.7	1.6	1.3	0.6	2.4	1.7
Machinery & Metals	1.4	1.4	3.3	0.3	1.4	1.0	1.4
Other Manufacturing	3.4	3.7	8.0	1.0	2.7	2.1	2.5
Health Care & Social Assistance	14.1	15.3	8.4	18.9	7.2	12.6	11.1
Education	4.6	4.5	2.6	6.3	1.5	9.3	4.0
LOW-WAGE INDUSTRIES	46.2	43.7	50.9	41.3	65.7	40.8	51.4
Retail Trade	13.9	15.8	10.5	12.1	9.8	17.6	14.7
Craft-Based Manufacturing	4.1	2.4	8.7	0.5	21.6	1.9	8.3
Other Srv.(e.g. Personal & repair)	7.5	5.6	6.5	7.4	14.0	8.5	18.4
Administrative & Support Services	13.3	12.6	16.4	16.4	8.6	3.5	5.6
Accommodation & Food Services	7.4	7.3	8.8	4.9	11.7	9.3	4.4

*The manufacturing sector was divided into three main groups. Employment in primary industries, mining, utilities, other manufacturing, and management of enterprises is not included in this table.

Industry Niches are shaded. Niches were determined by calculating an index of representation for a group's employment in an industry. The index of representation equals the group employment share in Industry A, divided by the employment share of all workers in Industry A.

Source: Derived by Economic Roundtable from confidential Employment Development Department ES-202 data and DPSS case files

and African Americans were highly concentrated in administrative and support services, which include temporary supply agencies, security services, and janitorial services. Recent European American and Asian American immigrants were highly concentrated in other services (e.g. personal and repair services), which employed 18 percent and 14 percent of workers in the two groups, respectively. European Americans and Latinos (US Citizens) found ample employment in retail stores. Recent Asian American immigrants were highly concentrated in craft-based manufacturing (22 percent) and accommodation and food stores. Recent Latino immigrants also found a niche in craft-based manufacturing. Most craft-based manufacturing employers were apparel manufacturers relying on immigrant workers to cut labor costs.

There were only a few examples of industry niches in high-wage or mid-wage industries. African Americans and Latinos (US Citizens) were over-represented in health care and social assistance, and African Americans also found a niche in public administration.

Each of these industry groups is composed of numerous detailed industries. The top ten industries employing welfare workers in the third quarter of 2001 are shown in Table 25. Temporary help services and private households employed one in ten welfare parents, indicative of their use as a flexible, contingent workforce. Other major industries employing cohort members included restaurants, elementary and secondary schools, and various health care facilities.

Table 25
Top Ten Industries Employing Workers in the 1998 Cohort
All Persons Employed (n=73,403)
Third Quarter, 2001

NAICS Code	Industry Title	Percent of Workers
561320	Temporary Help Services	6.1
814110	Private Households	4.1
551114	Managing Offices	3.9
611110	Elementary and Secondary Schools	3.7
722211	Limited-Service Restaurants	3.0
926140	Regulation of Ag Mktg and Comms	2.8
621111	Offices of Physicians	2.4
623110	Nursing Care Facilities	2.3
722110	Full-Service Restaurants	2.1
622110	General Medical and Surgical Hospitals	2.1

Source: California Employment Development Department,
 confidential ES-202 data

Table 26
Average Earnings by Industry, 1998 Cohort
Third Quarter, 2001
(Industry Niches indicated by shading)

NAICS Industry Sector*	All Cohort 1998 Workers (n=73,403)	Latinos (US Citizens) (n=25,197)	Latinos (Recent Immigrants) (n=11,822)	African Americans (n=19,255)	Asian Americans (Recent Immigrants) (n=2,049)	European Americans (US Citizens) (n=9,957)	European Americans (Recent Immigrants) (n=1,593)
HIGH-WAGE INDUSTRIES							
Professional, Scientific, and Technical Services	4,335	4,246	4,127	3,961	5,801	4,718	5,874
Finance and Insurance	5,183	4,994	5,133	5,343	4,654	5,331	5,758
Information	5,032	5,100	4,214	5,272	4,081	5,072	4,613
High Technology	4,944	4,772	4,243	5,922	4,535	6,045	5,733
Manufacturing	5,791	5,725	5,728	5,626	7,102	6,156	6,612
Public Administration	3,198	3,263	3,171	2,963	3,923	2,931	2,600
Arts, Entertainment, and Recreation							
MID-WAGE INDUSTRIES							
Wholesale Trade	4,467	4,600	4,225	4,907	3,610	4,586	3,938
Construction	5,399	5,395	5,808	4,987	4,615	5,324	5,371
Transportation and Warehousing	4,482	4,511	4,725	4,153	4,871	5,118	4,563
Real Estate, Rental and Leasing	3,929	3,920	3,848	3,907	3,370	4,052	3,819
Machinery and Metals	4,562	4,675	4,212	4,891	4,791	4,660	4,081
Other Manufacturing	4,333	4,651	3,950	4,609	3,415	4,953	4,331
Health Care and Social Assistance	4,256	4,246	4,086	4,096	4,787	4,643	4,909
Education	3,399	3,255	2,917	3,396	3,747	3,923	4,088
LOW-WAGE INDUSTRIES							
Retail Trade	3,379	3,399	3,604	3,218	3,099	3,505	3,670
Craft-Based	3,091	3,907	3,320	4,041	2,144	3,854	2,549
Manufacturing	2,526	2,838	2,739	2,283	2,140	2,547	2,317
Other Services (e.g. Personal and Repair)	2,917	2,943	2,755	2,826	2,898	3,452	4,056
Administrative and Support Services	2,647	2,600	3,103	2,399	2,499	2,558	2,670
Accommodation and Food Services							
ALL INDUSTRIES	3,747	3,846	3,632	3,687	3,110	3,995	3,924

Source: Derived by Economic Roundtable from confidential Employment Development Department ES-202 data and DPSS case files.

The top ten industries of workers in different ethnic immigrant groups are shown in Appendix Tables A-12 through A-17. Latinos and African Americans were most likely to be employed in temporary help services. Recent European American immigrants were three times more likely to be employed in private households than in any other industry. Almost one in five recent Asian American immigrants was employed in one of two apparel industries. European American citizens were more evenly distributed across industries than the other groups; no industry employed more than 4.6 percent of these workers.

The average earnings of welfare parents in any given industry in the third quarter of 2001 were tied to the average earnings of all workers in the industry. With one exception, workers in low-wage niches had average earnings below the poverty threshold (equivalent to \$3,567 per quarter in 2001) (Table 26). Recent Asian American immigrants had especially low quarterly earnings in niche industries: \$2,144 in craft-based manufacturing, \$2,140 in other services, and \$2,499 in accommodation and food services. Average earnings for all 1998 cohort workers in low wage industries ranged from \$3,379 in retail trade to \$2,647 in accommodation and food services.

On the other hand, workers who found employment in most mid-wage and high-wage industries had average earnings above the poverty threshold. However, relatively few workers were employed in these industries. The major success story was health care and social assistance, which employed 14 percent of all workers and paid an average wage of \$4,256 in the third quarter of 2001.

STATISTICAL ANALYSIS OF EARNINGS

What factors were associated with successful labor market outcomes for welfare parents? To help answer this question, logistic regression models were constructed to evaluate predictors of earnings above the poverty threshold in the third quarter of 2001. Logistic regression analysis is used when the dependent variable (in this case, whether or not a person has earnings above the poverty level) is binary or multinomial categorical variable. The model produces odds ratios for each independent variable. In the context of this analysis, the odds ratio is the ratio between (a) the probability that a person with the characteristic indicated by the independent variable had above poverty earnings, and (b) the probability that a person without the characteristic had above poverty earnings. An odds ratio greater than one indicates that the independent variable is positively associated with above

poverty earnings, and an odds ratio below one indicates a negative association with above poverty earnings.

Several independent variables related to worker and job characteristics were included in the analysis. Two variables were indicators of human capital: *Completed High School* (= 1 if a parent had completed high school), and *Limited English Ability* (= 1 if a parent had limited English language abilities). A high school diploma is often used as a screening criterion for entry-level jobs, and indicates acquisition of general skills. Workers with limited English ability are barred from many mid- and high-wage jobs.

The model included two variables related to work experience. These were *Work Experience (Years)*, which was years in the labor market after age 18. To identify workers with recent work experience, the variable *Recent Earnings* was calculated. This variable equals one if a worker had average annual earnings of at least \$10,000 between 1995 and 1997. It is expected that *Recent Earnings* will be more closely tied to success in the labor market than years of work experience based on age. Workers with a recent history of significant earnings (relative to other welfare parents) are more likely to have existing job contacts and employer references that can help in finding a job.

The variable *Family Hardship* indicates a personal barrier to employment. This variable equals one if a worker had at least one of the following employment barriers: disability, family crisis (e.g. homelessness or short term financial crisis), and family dysfunction (e.g. domestic violence or substance abuse). This recognizes that personal circumstances can negatively affect one's ability to find and keep a job.

The variable *High Poverty Neighborhood* was included to indicate residence in a neighborhood with a poverty rate of 30 percent or more. One in four welfare parents in the 1998 cohort lived in high poverty neighborhoods. Maps 1 and 2 show the spatial distribution of welfare parents' residences, as well as the location of high poverty neighborhoods. This variable is included as a proxy for social networks, since residents in high poverty neighborhoods are likely to have weaker job connections than residents in low poverty neighborhoods. It also indicates what William Julius Wilson calls the "neighborhood effect" on employment – the negative impact of high levels of poverty, crime, and lack of role models on the job prospects of residents of a high poverty neighborhood.⁴

Several binary variables were included to indicate industry employment. These included *Public Administration; Craft-based Manufacturing; Retail Trade; Transportation and Wholesale Trade; Information; Finance, and Insurance; Real Estate; Professional Services; Administrative and Support Services; Health Care and*

Social Assistance; Education; Accommodation and Food Services; and Other Services. Each variable equals one if a worker was employed in the industry group. Construction and Other Manufacturing was the reference category; workers had average earnings of \$4,733 in these industries, which was 33 percent above poverty.

Models were constructed for all workers in the 1998 cohort, as well as the ethnic immigrant groups. About three quarters of all workers employed in the third quarter were excluded from the analysis due to missing variables. In most cases, this was due to no indicator of educational attainment or English language ability. Workers without these indicators had approximately 6 percent higher average earnings than workers appraised for education and English language ability. Thus the model is evaluating the earnings of welfare parents who had somewhat lower earnings than the rest of the 1998 cohort in the third quarter of 2001. Also, the model for recent European American immigrants was relatively weak, and not considered in the analysis.

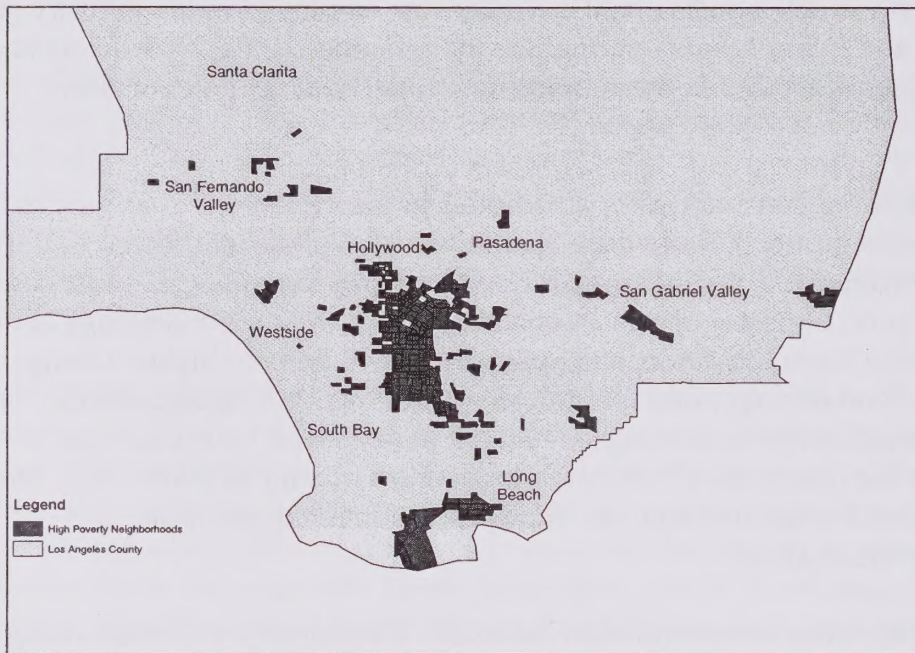
The odds ratios are provided in Table 27. For the cohort, the following variables were positively associated with above poverty earnings and statistically significant:

- *Completed High School*
- *Recent Earnings*
- *Public Administration*

The following variables were negatively associated with above poverty earnings and statistically significant:

- *Limited English Ability*
- *Family Hardship*
- *Work Experience (Years)*
- *High Poverty Neighborhood*
- *Craft-based Manufacturing*
- *Retail Trade*
- *Transportation and Wholesale Trade*
- *Administrative and Support Services*
- *Health Care and Social Assistance*
- *Accommodation and Food Services*
- *Other Services.*

Map 1
High Poverty Neighborhoods in Los Angeles County, 2000



Map 2
Welfare Parents in Los Angeles County, 2000



Table 27
Predictors of Earnings Above Poverty
Third Quarter, 2001
1998 Cohort

Independent Variable	Exp(B) (Odds Ratios)					
	<i>All Cohort</i>	<i>Latinos (US</i>	<i>Latinos</i>	<i>African</i>	<i>Asian Americans</i>	<i>European</i>
	<i>1998</i> <i>Workers</i> <i>(n=16,193)</i>	<i>Citizens)</i> <i>(n=5,713)</i>	<i>(Recent</i> <i>Immigrants)</i> <i>(n=2,636)</i>	<i>Americans</i> <i>(n=4,754)</i>	<i>(Recent</i> <i>Immigrants)</i> <i>(n=593)</i>	<i>Americans</i> <i>(US Citizens)</i> <i>(n=2,073)</i>
Completed High School	1.226***	1.359***	1.263*	1.236**	1.517	0.988
Limited English Ability	0.622***	0.81*	0.648***	1.207	0.392***	0.555***
Family Hardship	0.666***	0.67***	0.727***	0.652***	0.554*	0.737**
Work Experience (Years)	0.988***	0.986***	0.982***	1.005	0.985	0.984*
Recent Earnings	2.639***	2.841***	2.083***	2.471***	1.620	3.105***
High Poverty Neighborhood	0.845***	0.998	0.749***	0.856*	1.143	0.841
Public Administration	3.151***	2.753***	2.814**	2.525***		2.904**
Craft-based Manufacturing	0.294***	0.659	0.667*	0.324	0.065***	0.512
Retail Trade	0.391***	0.379***	0.631**	0.222***	0.576	0.373***
Transportation and Wholesale Trade	0.813*	0.836	1.005	0.554*	0.762	0.795
Information	1.042	0.795	0.714	0.722	0.192	0.391*
Finance, Insurance, Real Estate	0.890	0.783	1.052	1.048	2.154	1.567
Professional Services	0.000	0.756	0.890	0.673	1.446	0.982
Administrative and Support Services	0.407***	0.375***	0.442***	0.358***	0.342*	0.447**
Health Care and Social Assistance	0.845*	0.742	1.088	0.574*	0.616	0.918
Educational Services	0.238***	0.187***	0.282***	0.204***	0.315	0.214***
Accommodation and Food Services	0.203***	0.155***	0.477***	0.130***	0.147***	0.127***
Other Services	0.123***	0.171***	0.295***	0.067***	0.073***	0.089***

Dependent Variable - Above Poverty (=1 if earnings were $\geq$ 100% of the poverty threshold).

***significant at the .001 level

**significant at the .01 level

*significant at the .05 level

This reinforces the significance of human capital factors such as recent work experience, education, and English language ability in explaining the labor market outcomes of welfare parents. Recent earnings were especially significant: persons with a recent earnings history were 2.6 times as likely to have above poverty earnings as those without a recent history of significant earnings. All ethnic immigrant groups benefited considerably from recent earnings, though the variable was not significant in the case of recent Asian American immigrants. Latinos and African Americans benefited the most from a high school education, which was not a significant predictor of above poverty earnings for European American citizens or recent Asian American immigrants. Limited English ability had a negative impact on earnings across the board.

Living in a high poverty neighborhood had a negative impact on the earnings of welfare parents. This lends weight to arguments that the labor market experience of workers is influenced by where they live. This neighborhood effect had a significant impact on the earnings of African Americans and recent Latino immigrants, but was not a factor in explaining the earnings of Latino and European American citizens or recent Asian American immigrants.

The analysis suggests that older workers were at a disadvantage in the labor market. The odds ratio for work experience in years was negative for all workers, both groups of Latinos, and European American citizens. This indicates employer preference for younger workers in the low-wage industries in which most welfare parents found jobs.

Employment in low wage industries, as expected, had a negative impact on earnings. This was especially the case for workers employed in accommodation and food services, administrative and support services, and other services. Employment in craft-based manufacturing had a negative impact on the earnings of recent Latino and Asian immigrants. Workers employed in public administration were most likely to have above poverty earnings.

For all groups of workers, family hardship made it difficult to break above poverty.

CONCLUSION

Although the 1998 cohort of welfare parents experienced rising earnings between 1998 and 2001, they remained mired in poverty. In any given quarter, most were unemployed, a telling indicator of their marginal labor market situation.

At the end of 2001, their unemployment rate was 53 percent, compared to a 6.1 percent unemployment rate for all LA County workers. In 2001, the cohort's poverty rate was 79 percent, and only 10 percent were on a path to economic self-sufficiency (based on earnings that were 150 percent of the poverty threshold).

Those who found jobs had difficulty keeping them. Turnover rates per quarter were between 11 percent and 15 percent. Only one in four workers was employed in at least 13 of the 16 quarters between 1998 and 2001. While US citizens fared better in the labor market than recent immigrants, all groups struggled to escape poverty.

Welfare parents have been incorporated into the Los Angeles labor market as a flexible workforce. They supplement employers' short-term labor needs, and are highly vulnerable to layoff and dismissal. This is due in part to human capital limitations that restrict the job opportunities of welfare parents to high-turnover, low-wage positions in various consumer and producer service industries, as well as low-wage manufacturing industries. But it is also a product of employers using labor market flexibility as a competitive strategy in a volatile business environment.

Now that the long economic expansion of the 1990s has ended, welfare parents are extremely vulnerable to layoffs and firings, and will find the search for a living wage job even more daunting than before. State and local budget crises are sure to affect employment in the public sector, especially in health care, which was one of the most successful industry connections made by welfare parents. Many welfare parents will be left adrift in the restructured Los Angeles economy, perhaps to be hired for another short-term, low-wage job when the economy improves, but ill-prepared to escape poverty.

ENDNOTES

¹ This cohort includes anyone who actively participated in GAIN activities during 1998. This population is larger than the cohorts discussed in earlier chapters that entered or exited GAIN in 1998.

² Ethnicity or citizenship data was missing from the DPSS files of some members of the 1998 cohort. These parents were not included in any of the 6 ethnic immigrant groups, but are included in analyses of the 1998 cohort as a whole. Also, some parents were members of other ethnic immigrant groups, such as Asian American U.S. citizens and Native Americans, but these remaining groups were too small for meaningful statistical analysis. Therefore, they are also not included in any of the 6 groups, but their data is included when the cohort is considered as a whole.

³ The official unemployment rate is produced for Los Angeles County by the California Employment Development Department. The unemployment rate for the county is based on the relationship between the Los Angeles County monthly Unemployment Insurance (UI) claims data and the CPS unemployment rate for Los Angeles County. In this model the definition of unemployed persons includes individuals receiving UI,

individuals whose UI benefits have been exhausted, and new and re-entrant unemployed job seekers (new workers such as youth and persons who previously worked in a full-time job but were out of the labor force prior to beginning to look for work). This is a more restrictive definition than we applied in calculating the unemployment rate for welfare parents. All parents with a labor force engagement date were included in the cohort of parents when calculating their employment rate, and some of these parents may not have been actively seeking a job in each quarter. One analysis showed that increasing the official unemployment rate for Los Angeles County by 10 percent produces a rate that includes discouraged workers and is roughly comparable to the rate we are showing for welfare parents, see Economic Roundtable (2000) *Cage of Poverty*, pp. 26-27.

⁴ See Wilson, W.J. (1996) *When Work Disappears: The World of the New Urban Poor*. New York: Vintage Books. For a good review of the relationship between residence and employment, see Ilanfeldt, K., and Sjoquist, D. (1998) "The spatial mismatch hypothesis: a review of recent studies and their implications for welfare reform", *Housing Policy Debate*, 9, 4, pp. 849-892.

Labor Market Restructuring and the Working Poor in Los Angeles County

INTRODUCTION

Economic self-sufficiency is directly influenced by local labor market dynamics, by the interaction between labor demand and labor supply. In Los Angeles County, the recent restructuring of local labor markets has undermined the ability of millions of workers to earn a living wage. We documented the labor market struggles of 160,000 welfare parents in a restructuring Los Angeles economy in Chapter 11. In this chapter, we explore recent labor market trends that have influenced their employment experience.

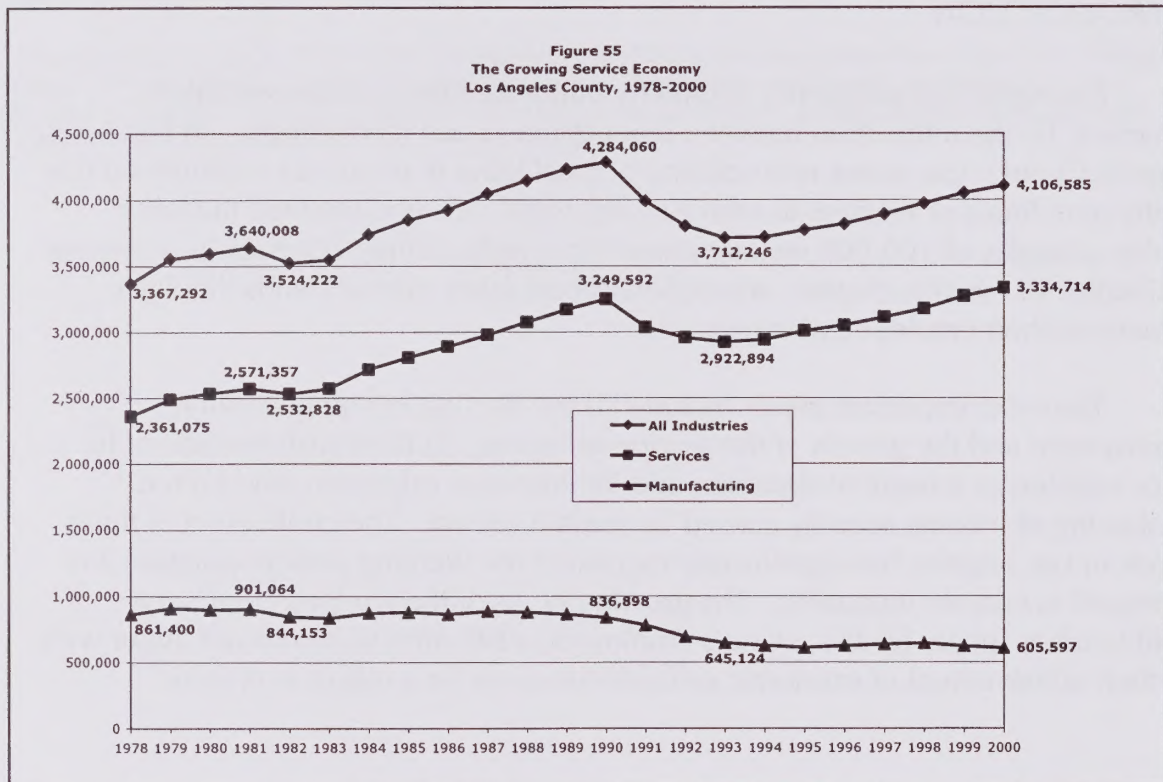
The most important trends include (1) the decline in manufacturing employment and the growth of the service economy, (2) the transformation of local labor supplies as a result of domestic and international migration, and (3) the weakening of income security caused by welfare reform. The confluence of these trends in Los Angeles has significantly expanded the working poor population and increased economic inequality. The growing ranks of the working poor are a flexible labor supply for the region's employers, a situation that does not augur well for their achievement of economic self-sufficiency or for a robust economy.

LABOR MARKET RESTRUCTURING

Since the 1970s, the Los Angeles economy has experienced significant economic restructuring involving a steep decline in manufacturing employment and a corresponding expansion in services employment. Employment in Los Angeles County manufacturing industries fell from a peak of 901,000 jobs in 1981 to 606,000 jobs in 2000, a 33 percent decline (Figure 55). Services employment increased by 30 percent during the same period, from 2,571,000 jobs to 3,335,000 jobs. As a result, the manufacturing share of total employment declined from 25 to 15 percent, while the services share increased from 71 to 81 percent.

Between 1981 and 2000, ten of the 14 major service industries experienced employment growth well above the 13 percent employment growth in all Los Angeles County industries (Figure 56). These industries ranged from high wage

services (e.g. information) to low-wage services (e.g. administrative and support services). Industry groups with below average employment growth between 1981 and 2000 included wholesale trade, retail trade, craft-based manufacturing, and construction. The biggest job losers were high technology manufacturing (e.g. aerospace) and machinery and metals, followed by finance and insurance and utilities.



The 1980s: Twilight of the Postwar Boom

In Los Angeles, the 1980s will be remembered as the last decade of the long postwar boom. The regional economy's postwar expansion was driven by defense spending and population growth. Defense spending created and sustained the country's preeminent agglomeration of aerospace firms, and aerospace firms in turn created work for local subcontractors and suppliers. Population growth fueled a real estate boom that infused the regional economy with billions of dollars. The growing population also had a spiraling demand for goods and services that sustained economic growth. The boom ended in 1990.

Figure 56
Classification of Industry Groups
 (with Percent Employment Change, 1981-2000, Los Angeles County)

	INDUSTRY SECTOR					
WAGE GROUP	Manufacturing and Construction	Consumer Services	Distributive Services	Information	Producer Services	Public Services
High Wage Industries	High Technology Manufacturing (-53%)		Utilities (-7%)	Information (+55%)	Finance and Insurance (-11%) Professional, Scientific, Technical Services (+67%)	Public Administration (+23%)
Medium Wage Industries	Construction (+3%) Machinery and Metals (-42%)		Transportation and Warehousing (+40%) Wholesale Trade (+4%)		Real Estate, Rental, and Leasing (+37%)	Education (+35%) Health Care and Social Assistance (+31%)
Low Wage Industries	Craft-Based Manufacturing (+5%)	Accommodation and Food Services (+41%) Other Services (+54%) Retail Trade (+2%)			Administrative and Support Services (+99%)	

Between 1981 and 1982, average annual employment in Los Angeles County fell from 3,640,000 to 3,524,000, a 3 percent decline. About half of all lost jobs were in manufacturing, which had a drop in employment from 901,000 to 844,000 jobs (-6 percent). By far the most significant losses were in the machinery and metals industries, in which employment fell from 176,000 to 156,000 jobs (-12 percent). This was partly caused by the restructuring of the motor vehicle industry in the late 1970s and early 1980s, which resulted in reduced demand for the metals and machinery industries because of their close linkage with the auto industry.

While the loss of manufacturing jobs was not as severe as what later occurred in the 1990s, this recession wreaked havoc on the working class communities of Southeast and South Central Los Angeles County. The motor vehicle, metals, machinery, and tire industries were concentrated in the old industrial core of the region southeast of downtown Los Angeles. As a result, workers in adjacent communities, especially African Americans, were hard hit by layoffs and plant closures.

The Los Angeles County economy rebounded well from the 1981 recession, increasing employment by 22 percent between 1982 and 1990. All told, the county's employment increased from 3,640,000 in 1981 to 4,284,000 in 1990, an increase of 644,000 jobs. All net job growth occurred in the service sector. Manufacturing employment held steady, though there was a continuing attrition in the metals and machinery industries, which shrank by an additional 25,000 jobs during the expansion. The apparel and textiles industries, on the other hand, added 25,000 jobs, as employers took advantage of a growing immigrant workforce.

Aerospace remained the bulwark of the manufacturing sector. Although employment grew by only 4 percent between 1982 and 1990, the aerospace industry's 202,000 jobs in 1990 accounted for one in every four manufacturing jobs in the county. Aerospace production and employment were sustained by increased defense spending under the Reagan administration, during what turned out to be the waning years of the Cold War.

Job growth during the expansion was led by producer services. Professional, scientific, and technical services added 107,000 jobs between 1982 and 1990, an 80 percent increase. The greatest job growth occurred in legal and accounting firms, which more than doubled employment, from 51,000 in 1982 to 108,000 jobs in 1990. The low wage administrative and support services added 79,000 jobs, a 67 percent increase. Employment in temporary help agencies almost tripled, from 24,000 to 65,000 jobs. Security services also saw brisk business, increasing employment from 19,000 to 33,000 jobs.

These trends can be explained in part by corporate restructuring in an increasingly competitive global economy. To cut costs, corporations subcontracted both high-end and low-end services to specialized firms. The demands of competition led to increased investment in advertising and marketing. They achieved greater labor flexibility by using temporary workers, which also reduced labor costs.

The 1990s: A Watershed in Regional Development

The Los Angeles County economy changed direction even more dramatically between 1990 and 2000. This period of economic restructuring involved massive job losses in manufacturing and financial industries on one hand, and considerable job growth in the various service industries on the other. The 1990-2000 business cycle consisted of a recession between 1990 and 1993, and an expansion between 1993 and 2000. Although it had grown during the previous business cycle, the county's total employment declined between 1990 and 2000. The 1990-1993 recession was considerably more severe than that of 1981-1982, and the rate of job growth during the expansion that followed was half of what it had been during the 1980s' expansion.

The 1990s also saw profound demographic restructuring. Although the county experienced a net loss of 1,178,000 residents as a result of domestic migration between 1990 and 1999, mainly during the recession, it gained 997,500 international immigrants.¹ The impact of recent migration is evident in Census 2000 demographic and social data. The county's population is now 45 percent Latino (compared to 38 percent in 1990), 31 percent European American (41 percent in 1990), 12 percent Asian American (10 percent in 1990), and 10 percent African American (11 percent in 1990). More than 3.5 million county residents are foreign-born, representing 36 percent of the population. Over one-third of the county's foreign-born residents entered the country between 1990 and 2000. As a result, 29 percent of the county's population has limited English language ability, and 30 percent of adults age 25 and over did not complete high school.²

These demographic trends corresponded to changes in industry employment. As the collapse of employment in high wage sectors such as high technology manufacturing and finance and insurance precipitated massive out-migration, job growth in low wage industries created opportunities for new arrivals from Mexico, Central America, China, and elsewhere. At the same time, the growth of the immigrant workforce in Los Angeles supported innumerable businesses by providing them with workers they could hire for relatively low wages.

The Post Cold War Recession, 1990-1993

The 1990-93 recession was the most severe downturn in the Los Angeles economy since the Great Depression. Total employment fell by 13 percent, a loss of 572,000 jobs (Table 28). Faced with further cutbacks in defense procurements following the collapse of the Soviet Union, aerospace firms shed 70,000 jobs.

Table 28
Industry Employment Change
1990-1993 Recession
Los Angeles County

	Empl 1990	Empl 1993	Empl Change	Percent Change
Health Care and Social Assistance	367,655	367,505	-150	0.0
Public Administration	145,840	143,133	-2,707	-1.9
Utilities	42,955	42,090	-865	-2.0
Arts, Entertainment, Recreation	68,512	64,701	-3,811	-5.6
Administrative and Support Services	196,773	184,200	-12,573	-6.4
Transportation and Warehousing	182,980	171,045	-11,935	-6.5
Other Services	168,408	156,816	-11,592	-6.9
Educational Services	301,830	273,899	-27,931	-9.3
Information	193,846	175,407	-18,439	-9.5
Accommodation and Food Services	278,030	249,510	-28,520	-10.3
Craft-Based Manufacturing	154,997	137,398	-17,599	-11.4
Finance and Insurance	232,579	200,899	-31,680	-13.6
Retail Trade	431,200	367,861	-63,339	-14.7
Professional, Scientific, and Technical Services	241,955	204,652	-37,303	-15.4
Wholesale Trade	308,202	249,411	-58,791	-19.1
Real Estate, Rental and Leasing	88,827	71,765	-17,062	-19.2
Machinery and Metals	130,529	97,252	-33,277	-25.5
High Technology Manufacturing	270,682	182,325	-88,357	-32.6
Construction	160,070	103,540	-56,530	-35.3
ALL INDUSTRIES	4,284,060	3,712,426	-571,634	-13.3

Source: California Employment Development Department.

(Between 1988 and 2000, employment in the Los Angeles County aerospace industry fell from 214,900 to 83,900). Declining aerospace production contributed to the loss of 33,000 jobs in the machinery and metals industries, which included many suppliers and subcontractors of aerospace firms. The computers, electronics, and instruments industries lost 19,000 jobs (-26 percent). Overall, manufacturing employment fell by 192,000 jobs (-23 percent) between 1990 and 1993.

Construction and service industries were also hard hit by the recession. Due to a contracting real estate market, the construction industry lost 57,000 jobs (-35 percent). Reduced purchases by manufacturers and retailers caused wholesalers to

Table 29
Industry Employment Change
1993-2000 Expansion
Los Angeles County

	<u>Empl 1993</u>	<u>Empl 2000</u>	<u>Empl Change</u>	<u>Percent Change</u>
Information	175,407	261,820	86,413	49.3
Administrative and Support Services	184,200	251,719	67,519	36.7
Construction	103,540	136,100	32,560	31.4
Educational Services	273,899	354,063	80,164	29.3
Transportation and Warehousing	171,045	207,179	36,134	21.1
Other Services	156,816	188,245	31,429	20.0
Craft-Based Manufacturing	137,398	156,624	19,226	14.0
Accommodation and Food Services	249,510	282,960	33,450	13.4
Wholesale Trade	249,411	274,583	25,172	10.1
Health Care and Social Assistance	367,505	402,005	34,500	9.4
Real Estate, Rental and Leasing	71,765	77,854	6,089	8.5
Retail Trade	367,861	392,947	25,086	6.8
Arts, Entertainment, Recreation	64,701	68,912	4,211	6.5
Machinery and Metals	97,252	102,521	5,269	5.4
Professional, Scientific, and Technical Services	204,652	214,578	9,926	4.9
Public Administration	143,133	146,940	3,807	2.7
Finance and Insurance	200,899	176,992	-23,907	-11.9
Utilities	42,090	33,917	-8,173	-19.4
High Technology Manufacturing	182,325	125,545	-56,780	-31.1
ALL INDUSTRIES	3,712,246	4,106,585	394,339	10.6

Source: California Employment Development Department

cut 59,000 jobs (-19 percent). With consumers spending less money, retailers reduced employment by 57,000 jobs (-13 percent), and accommodation and food service establishments cut 29,000 jobs (-10 percent). A wave of mergers and acquisitions in the banking industry contributed to the loss of 32,000 jobs in the finance and insurance industries (-14 percent). Employment in professional, scientific, and technical services fell by 37,000 jobs (-15 percent), largely due to cutbacks in accounting, architecture, and advertising firms.

The Clinton Era Expansion, 1993-2000

The Los Angeles County economy recovered from the recession to create 394,000 jobs between 1993 and 2000 (Table 29). However, this did not come close to compensating for job losses during the recession. The county's total employment, 4,107,000, in 2000 was well below its 1990 employment level of 4,284,000. Moreover, the manufacturing sector continued to lose jobs, while job growth was concentrated in a mix of service industries. Taken in their entirety, the services added 412,000 jobs between 1993 and 2000, while manufacturers reduced employment by 40,000 jobs. The service industries accounted for 81 percent of the county's total employment in 2000 (compared to 76 percent in 1990), while the manufacturing sector represented 15 percent of employment (down from 20 percent in 1990).

Industry Employment Trends: 1990-2000 Business Cycle

Industry employment trends between 1990 and 2000 are shown in Table 30, along with the industry wage index and the working poor index of representation (based on employment of welfare parents).³ We can clearly divide industry groups into growing, stagnant, and declining industries in the 1990s.

The *growing industries* include information, administrative and support services, education, transportation and warehousing, other services, and health care and social services. Together, these six industry groups added 254,000 jobs between 1990 and 2000.

What explains job growth in these industries during the 1990s? In the case of education, health care and social services, and other services (which include personal and repair services), job growth is strongly connected with regional population growth and increased demand for local services. (In this regard it is important to keep in mind that the county's population would have declined in the 1990s without international migration). Growth in the information industries, the fastest-growing sector in the county, is attributable to job growth in the motion picture industry. Employment in motion pictures grew from 80,000 in 1990 to 140,000 in 2000. Despite concerns about runaway production, Los Angeles remains the premier motion picture production agglomeration in the world. Several factors converged to promote job growth in this industry, including the proliferation of cable television channels, rising foreign demand for Hollywood movies, and the greater use of animation and digital effects. Information was the only high-wage growth industry in Los Angeles County. Job growth in transportation and

Table 30
Industry Employment Change
1990-2000 Business Cycle
Los Angeles County

Industry Group	Empl 1990	Empl 2000	Empl Change	Percent Change	2000 Wage Index (LAC = 100)	Working Poor Index of Representation*
GROWING INDUSTRIES						
Information	193,846	261,820	67,974	35.1	164	0.32
Administrative and Support Services	196,773	251,719	54,946	27.9	56	2.66
Educational Services	301,830	354,063	52,233	17.3	89	0.69
Transportation and Warehousing	182,980	207,179	24,199	13.2	100	0.69
Other Services	168,408	188,245	19,837	11.8	57	1.54
Health Care and Social Assistance	367,655	402,005	34,350	9.3	91	1.13
STABLE INDUSTRIES						
Accommodation and Food Services	278,030	282,960	4,930	1.8	39	1.18
Craft-Based Manufacturing	154,997	156,624	1,627	1.0	59	1.60
Public Administration	145,840	146,940	1,100	0.8	136	0.50
Arts, Entertainment, Recreation	68,512	68,912	400	0.6	131	0.77
DECLINING INDUSTRIES						
Retail Trade	431,200	392,947	-38,253	-8.9	67	1.58
Wholesale Trade	308,202	274,583	-33,619	-10.9	108	0.78
Professional, Scientific, and Technical Services	241,955	214,578	-27,377	-11.3	178	0.55
Real Estate, Rental and Leasing	88,827	77,854	-10,973	-12.4	95	0.85
Construction	160,070	136,100	-23,970	-15.0	101	0.66
Utilities	42,955	33,917	-9,038	-21.0	152	0.17
Machinery and Metals	130,529	102,521	-28,008	-21.5	94	0.71
Finance and Insurance	232,579	176,992	-55,587	-23.9	172	0.53
High Technology Manufacturing	270,682	125,545	-145,137	-53.6	161	0.31
ALL INDUSTRIES	4,284,060	4,106,585	-177,475	-4.1	100	

*Based on the employment of welfare-to-work participants in the third quarter of 1997.

Source: California Employment Development Department and Los Angeles County Department of Public Social Services

warehousing was connected to increased trade flows in the Pacific economy, stimulated by the opening up of the Chinese economy. Finally, job growth in administrative and support services occurred due to increased use of temporary workers by firms in order to cut labor costs and increase labor flexibility, continuing

a trend that became noticeable during the 1980s. Employment in temporary help agencies almost doubled during the 1990s, from 66,000 to 122,000.

Welfare-to-work participants were over-represented in three of the six growth industries: low-wage administrative and support services and other services (e.g. personal and repair services), as well as mid-wage health care and social assistance. The contingent situation of many welfare recipients in the labor market can be seen in their high concentration in administrative and support services.

Four industry groups can be classified as *stable industries* based on employment change between 1990 and 2000. These include two low-wage industries – accommodation and food services and craft-based manufacturing, and two high-wage industries – public administration; and arts, entertainment, and recreation. These four industry groups together added only 8,100 jobs through the entire decade.

The craft-based manufacturing industries comprised the only manufacturing industry group that at least maintained its employment level between 1990 and 2000. Employment in craft-based manufacturing is concentrated in the apparel and textiles and furniture industries. Both industries rely on immigrant workers. There are signs, however, that import competition and outsourcing are causing a reduction in employment in Los Angeles apparel and textile firms: they lost 10,000 jobs between 1997 and 2000 after gaining 23,000 jobs between 1993 and 2000. These industries are an important niche for the working poor, especially recent immigrants.

Jobs in accommodation and food services were concentrated in restaurants and bars. Hard hit by the recession, these employers barely regained their 1990 employment level by the end of the decade. This is also a highly competitive industry group, where rising consumer demand does not always translate into commensurate employment growth. Welfare recipients were over-represented in this industry group, which paid lower wages than any other in Los Angeles County in 2000.

Nine industry groups declined, in terms of job change, during the 1990s (only one shy of the ten groups that either grew or remained stable). These declining industries included retail and wholesale trade; professional, scientific, and technical services; real estate, rental, and leasing; construction; utilities; machinery and metals; finance and insurance; and high technology manufacturing. Together, these industries lost 372,000 jobs between 1990 and 2000. With the exception of retail trade, these are all high-wage and mid-wage industries. All of these sectors were hit hard by the 1990-93 recession, and job growth during the 1993-2000

expansion did not compensate for losses during the recession. Three industry groups, high technology manufacturing, finance and insurance, and utilities, continued to shed jobs during the 1993-2000 expansion. The only declining sector with a high concentration of welfare-to-work participants was retail trade.

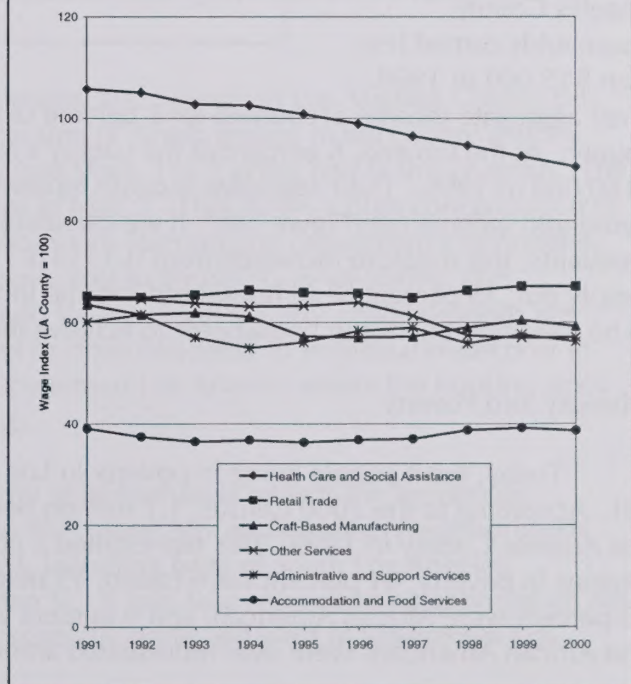
THE SOCIO-ECONOMIC IMPACT OF RESTRUCTURING: RISING INEQUALITY IN A PLURAL METROPOLIS

Income Inequality

Processes of labor market restructuring have contributed to rising income inequality in the United States since the 1970s. The widening gap between rich and poor is especially apparent in California, which has experienced a combination of rapid real income growth for the top fifth of families, and real income decline for the bottom fifth of families. Adjusted to 1999 dollars, average income of the top fifth of California families increased from \$112,303 to \$154,304 between 1978-80 and 1998-2000, while the average income of the bottom fifth of families decreased from \$14,865 to \$14,053.⁴

Recent economic restructuring has played a role in the rising income inequality in Los Angeles County. In 2000, average wages in growth industries varied widely, from a high of \$65,200 in information, to a low of \$22,300 in administrative and support services. With one exception, the declining industries were all high wage and mid wage industries. The two industry groups experiencing the greatest job losses during the 1990s were among the highest wage industries in the county: high technology manufacturing (\$63,800) and finance and insurance (\$68,200). High technology manufacturers cut

Figure 57
Relative Wage in Niche Industries of the Working Poor
Los Angeles County, 1991-2000



145,100 jobs, and finance and insurance firms eliminated 55,600 jobs between 1990 and 2000.

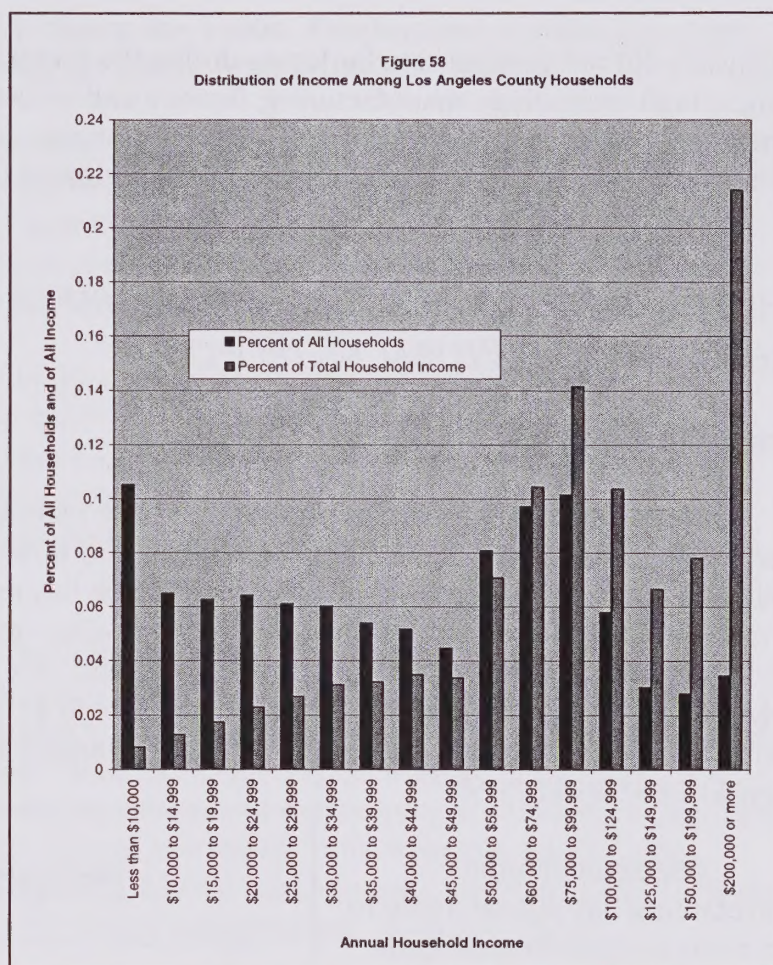
Average wages were stagnant or declining in the six industry groups that were niches for the working poor (Figure 57). In health care and social assistance, average wages fell from 106 percent of the overall average in 1991 to 91 percent of the overall average in 2000. This reflected a decline from \$39,300 in 1991 to \$37,100 in 2000 (2001 dollars).

As a result of these trends, 17 percent of Los Angeles County households earned less than \$15,000 in 1999.

Their aggregate income accounted for 2 percent of total household income in the county. At the top end, 6 percent of the county's households earned more than \$150,000 in 1999. Their aggregate income represented 29 percent of total household income (see Figure 58).⁵ If we calculate a Hoover Index of Income Inequality, this measure increased from 0.33 to 0.35 between 1989 and 1999. Simply put, 35 percent of all household income in Los Angeles County would have to be transferred between households to achieve income equality.

Ethnicity and Poverty

Today, most people living in poverty in Los Angeles County are Latino (Table 31). According to the 2000 Census, 1.7 million persons were living in poverty in Los Angeles County in 1999. This represented a poverty rate of 18 percent. Of the persons in poverty, 61 percent were Latino, 15 percent were European American, 13 percent were African American, and 9 percent were Asian American. Latinos and African Americans were over-represented among the poor – each group had a



24 percent poverty rate. Asian Americans and European Americans were under-represented among the poor, with poverty rates of 14 percent and 9 percent respectively. The Latinization of poverty in Los Angeles is a result of the trends in economic and demographic restructuring discussed above: a combination of Mexican and Central

American migration, on the one hand, and the growth of low-wage jobs in the services and craft-based manufacturing, on the other. Most Latino immigrants have education and English language limitations, forcing them to seek employment in low-wage jobs.

The relationship between ethnicity and poverty in Los Angeles County can be visualized by mapping the distribution of ethnic groups in the county and the geography of poverty in the county (see Maps 3 to 7 at the end of this chapter). The poverty rate by census tract is shown in Map 3. This shows a high concentration of poverty in the lower-income neighborhoods surrounding Downtown Los Angeles, and extending south to the harbor area, east to the San Gabriel Valley, and northwest to the eastern San Fernando Valley. High poverty neighborhoods are associated with low-income housing in close proximity to industrial districts or in the densely populated areas near Downtown Los Angeles where the housing stock is dominated by apartment buildings.

The geography of high poverty neighborhoods reflects the residential distribution of Latino residents (Map 4).⁶ Many African American neighborhoods are also high poverty neighborhoods, including parts of South Los Angeles, Pomona, and the Pasadena area (Map 5). A few Asian American neighborhoods are also high poverty neighborhoods, especially north and west of Downtown Los

Table 31
Ethnicity and Poverty
Los Angeles County, 1999

	All Persons for whom Poverty Status is Determined		Income in 1999 Below Poverty Level		Poverty Rate
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Percent</i>
Latinos	4,185,196	44.8	1,012,455	60.5	24.2
European Americans	2,883,355	30.8	245,519	14.7	8.5
African Americans	888,644	9.5	216,627	12.9	24.4
Asian Americans	1,119,041	12.0	153,497	9.2	13.7
All Persons	9,349,771		1,674,599		17.9

Source: U.S. Census Bureau, Census 2000, Summary File 3 (SF 3),
Tables P87, P159B, P159D, P159H, P159I.

Angeles, and in parts of the San Fernando Valley (Map 6), though most Asian American neighborhoods have relatively low poverty rates. The distribution of European Americans is the obverse of the poverty map (Map 7). Low poverty, European American neighborhoods tend to be found in coastal and foothill areas in Los Angeles County.

CONCLUSION: THE WORKING POOR IN A SERVICE ECONOMY

Los Angeles County experienced dramatic economic and demographic changes during the last two decades. Although the Los Angeles region retains the country's largest manufacturing sector, the manufacturing share of employment decreased from 25 percent of total employment in 1981 to 15 percent in 2000. The service industries employed 81 percent of the workforce in 2000, compared to 71 percent in 1981.

Recent trends in migration have created a plural metropolis of 9.3 million people that is now 45 percent Latino and 12 percent Asian American. Based on the 2000 Census, 61 percent of persons living in poverty in Los Angeles County were Latino. This is reflected in the welfare caseload as well.

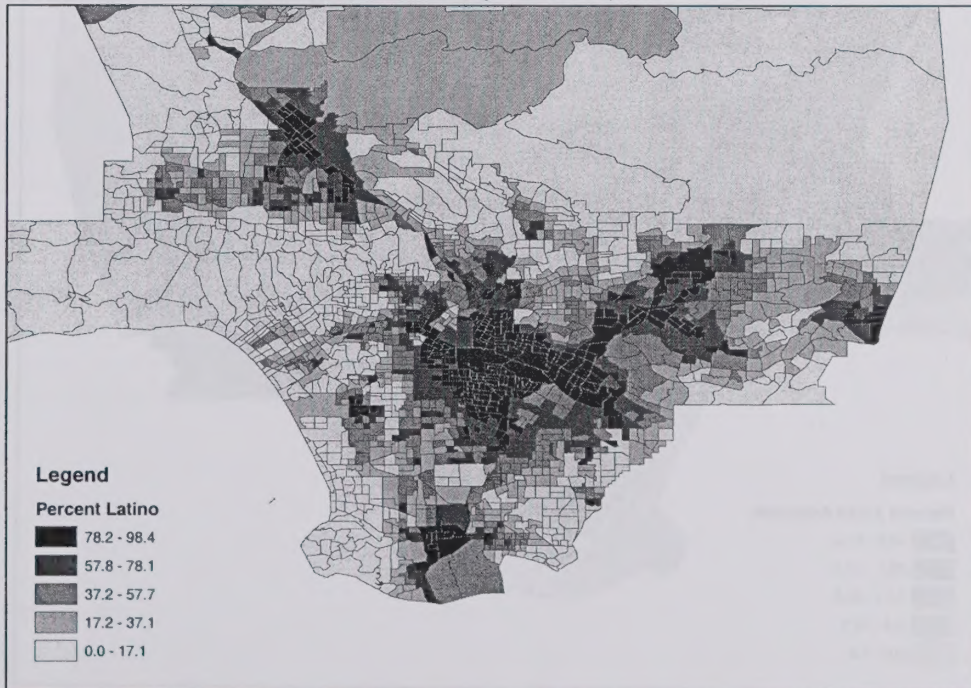
The working poor are highly represented in growing and stable low-wage service industries, including administrative and support services, other services (e.g. personal and repair services), and accommodation and food services. These industries are characterized by limited union coverage and high rates of labor turnover; as a result, the working poor are hard pressed to find and keep living wage jobs.

The restructured labor markets of Los Angeles present us with a crucial challenge: are welfare parents and the rest of the working poor to remain an underpaid service class in an increasingly inequitable economy, or will they be integrated into stable jobs that provide a path out of poverty? The former course is likely to be maintained if market forces continue to go unchecked in the new global economy. The latter outcome will only be achieved by increasing wages and job security in low wage jobs, and providing workers with the education and training required to seek higher wage jobs.⁷

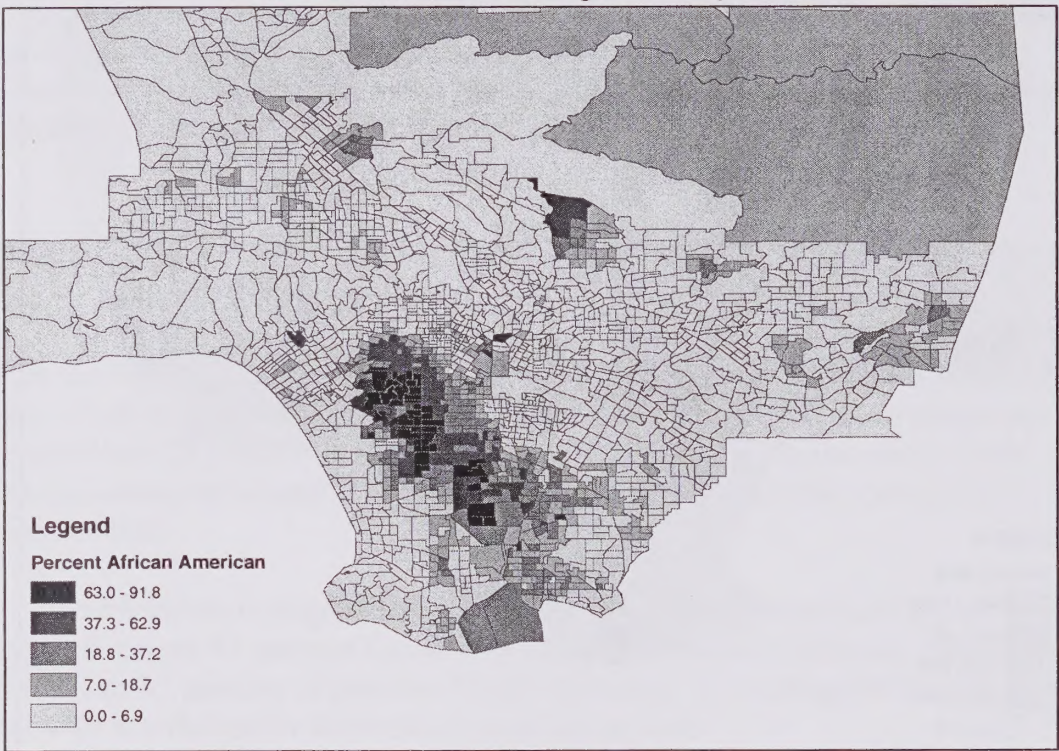
Map 3
Poverty Rate in Los Angeles County, 2000



Map 4
Latinos in Los Angeles County, 2000



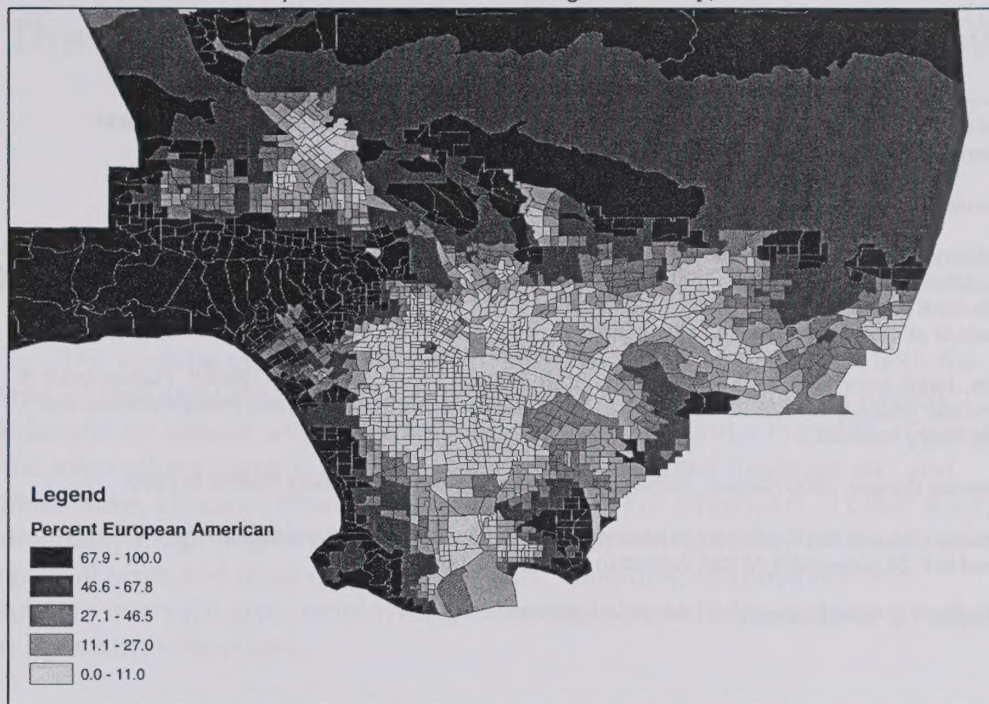
Map 5
African Americans in Los Angeles County, 2000



Map 6
Asian Americans in Los Angeles County, 2000



Map 7
European Americans in Los Angeles County, 2000



Source: US Census Bureau, 2000 Census, Summary File 3 – Table DP-3 (Poverty Rate); Summary File 1, Table DP-1 (Ethnicity).

END NOTES

¹ State of California, Department of Finance. (February 2000)/ *Historical Population Estimates and Components of Change*, July 1, 1990-1999. Sacramento, California.

² US Census Bureau, 2000 Census, Summary File 1 and Summary File 3.

³ The *industry wage index* is the ratio of average earnings in an industry to average earnings in all industries in Los Angeles County (\$39,648 in 2000). The *working poor index of representation* is based on the percent welfare-to-work participants who were employed in an industry during the third quarter of 1997, relative to the percent of all workers employed in the industry.

⁴ Berntein, Jared; Boushey, Heather; McNichol, Elizabeth; and Zahradnik, Robert (2002)/ *Pulling Apart: A State-by-State Analysis of Income Trends*. Washington DC: Center on Budget and Policy Priorities and Economic Policy Institute.

⁵ U.S. Census Bureau, 2000 Census, Summary File 3, Table P52 – Household Income in 1999.

⁶ The Pearson Correlation Coefficient of percent Latino and poverty rate by census tract was 0.60 (compared to 0.24 for percent African American and poverty rate).

⁷ See Chapter 14, "Conclusions and Recommendations".

The Working Poor And The Informal Economy: Evidence From Los Angeles County Welfare-To-Work Participants

INTRODUCTION

The working poor must avail themselves of job opportunities in both the formal and informal economies, accepting both jobs where labor and payroll regulations are upheld and jobs where workers are paid under the table. Operating in the informal economy is a labor market strategy adopted by employers and workers alike, although often for different reasons. For employers, it offers a way of maintaining a high degree of labor flexibility while saving money otherwise spent on payroll taxes and other employee benefits. Shielding employment from regulatory oversight gives employers greater flexibility in hiring and firing workers and in determining wages.

Far from being solely victims of cost-cutting employers, workers sometimes willingly engage in informal activity, though often as a last resort. This is especially true of recent immigrants without US citizenship who face barriers to employment in the formal economy. These individuals may be employed by private households to take care of children, clean house, or cut the grass. Day laborers gather in the morning at paint, lumber, and household supply stores, hoping to find work fixing up or building homes. Ethnic entrepreneurs hire friends, family members, and other co-ethnic workers to work in restaurants and shops. While some informal work is highly remunerative, as in cases where the illicit nature of a product or service drives up its price, or a skilled professional is self-employed, the informal economy in American cities is coincident with the expansion of low wage jobs. Informal employment patterns are most likely to be found in highly competitive industries dominated by labor-intensive work processes and tight profit margins, such as apparel manufacturing, retail trade, and restaurants.

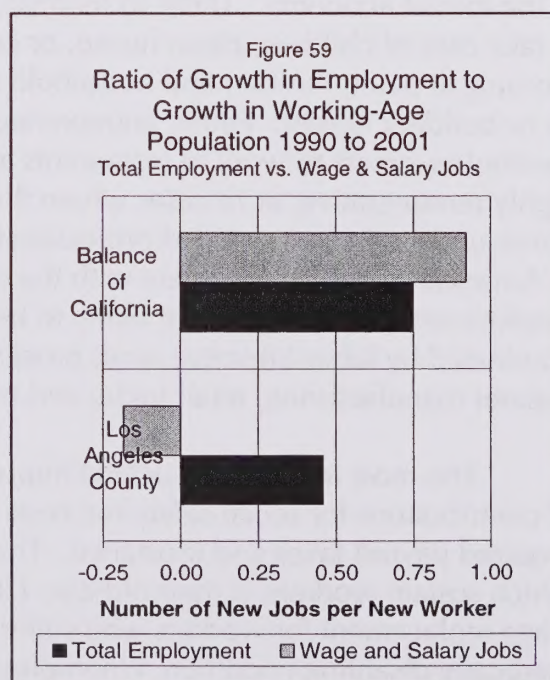
The most immediate societal impact of informal employment is the absence of contributions for social safety net costs that are normally paid through legally required payroll taxes and insurance. This includes Social Security and Medicare, which sustain workers in their old age; Disability Insurance, which provides partial wage-replacement for workers who suffer loss of wages due to a non-work-related medically disabling condition; Unemployment Insurance, which provides partial

wage replacement for unemployed workers while they search for a new job; and Workers Compensation Insurance, which provides benefits to employees who are injured or become ill during the course of employment. In addition, workers who are not shown in payroll tax reports are also unlikely to have income tax reports filed on their earnings with the Internal Revenue service. This precludes them from claiming the Earned Income Tax Credit payments to which they are entitled because of their low earnings.

From a public balance sheet perspective, employers that obtain a competitive advantage over other businesses by avoiding legally mandated payments to the social safety net for their workers may well create net costs for the county. The county is the health care provider of last resort for uninsured residents. After these parents leave welfare and no longer have Medi-Cal, some undoubtedly will have mishaps on or off the job that should be paid for by Disability or Workers Compensation insurance. If they are working in off-the-books jobs these programs will not cover them and the county will become their default health care provider.

By virtue of the "off-the-books" nature of informal work, data on the informal economy is difficult to obtain. The Economic Roundtable investigated the size of the informal economy in Los Angeles County by using several indicators based on labor market data.¹ All indicators pointed to a substantial informal economy, in which perhaps 15 percent of the county's workforce participated.² For example, the US Department of Labor's Current Population Survey (CPS) reported 4.4 million employed residents in Los Angeles County in 2001, while employer payroll tax records collected by the California Employment Development Department showed only 4.1 million wage and salary jobs in the county. This discrepancy between the numbers of workers and jobs increases when multiple-job holders and inter-county commuting patterns are taken into account.

The difference between total employment (CPS) and wage and salary jobs (EDD) is evidence of a vibrant informal economy in Los Angeles County, driven by immigrants and other working poor residents seeking economic survival, and employers competing through labor flexibility and evasion of regulations. When we look at growth of jobs in relation



to growth of working age residents in Los Angeles County and the balance of California (Figure 59) we see that from 1990 through 2001:³

- Los Angeles County lost wage and salary jobs even as its workforce expanded.
- However, total employment in the county (including informal jobs reported in the CPS survey) grew at the rate of about one new job for every two new workers.
- The balance of California had stronger job growth than the county, with the greatest growth in wage and salary jobs.

This chapter investigates the prevalence of informal economic activity among welfare-to-work participants in 2001. The following questions are addressed:

- (1) What proportion of welfare parents employed in the third quarter of 2001 may have earned part or all of their income through informal employment?
- (2) How did the average earnings and earnings distributions of welfare parents with evidence of informal employment compare with those of other welfare parents?
- (3) What were the major occupations in which welfare parents found jobs? What occupations were the most common for informally employed workers?
- (4) What worker characteristics were associated with informal employment? For example, were workers engaged in the informal economy more likely to be recent immigrants?

DATA AND METHODS

The database used in this chapter was derived from two large data sets provided to the Economic Roundtable by the Los Angeles County Department of Public Social Services (DPSS) and the California Employment Development Department (EDD). The DPSS files show the self-reported monthly earnings of welfare recipients by cases (households) between June 2001 and January 2002. The EDD data set was extracted from its ES-202 files, which are compiled from quarterly payroll tax records submitted by employers.

In order to compare the earnings records in the two databases, the DPSS cases had to be matched with EDD records. The DPSS data set included 232,001 cases in which earnings were reported for at least one month between July 2001 and January 2002, and the EDD data set included 362,798 *individuals* with earnings in one or both quarters between July and December 2001. This included persons who were no longer receiving public assistance, as well as active cases. After aggregating individual records into cases and deleting duplicates⁴, a total of 222,993 records remained in the EDD data set. These records consisted of cases with one individual earning income in the formal labor market. This revised EDD data set was matched with the cases in the DPSS data set, resulting in a data set of 84,558 cases with earnings in the third quarter of 2001.⁵

By comparing the EDD and DPSS earnings records for individual cases in the combined data set, we identified workers who reported higher earnings to DPSS than were earned through official employment. Next, we compared their average incomes and earnings distributions with workers for whom there was no evidence of informal work.

EVIDENCE OF INFORMAL EMPLOYMENT

Evidence of informal economic activity was indicated in

Table 32
Demographic Characteristics of Welfare-to-Work
Participants
Based on Participation in the Informal Economy
Third Quarter, 2001

	Informal Economy					
	Workers		Other Workers		All Workers	
	Number	Percent	Number	Percent	Number	Percent
SEX						
Female	6,515	75.7	50,795	66.9	57,310	67.8
Male	2,087	24.3	25,112	33.1	27,199	32.2
	8,602	100.0	75,907	100.0	84,509	100.0
AGE						
65 years and older	16	0.2	507	0.7	523	0.6
55-64 years	217	2.5	2,387	3.1	2,604	3.1
45-54 years	1,143	13.3	7,675	10.1	8,818	10.4
35-44 years	2,681	31.2	19,773	26.1	22,454	26.6
25-34 years	2,387	27.8	24,264	32.0	26,651	31.6
16-24 years	2,156	25.1	21,205	28.0	23,361	27.7
	8,600	100.0	75,811	100.0	84,411	100.0
FAMILY STATUS						
One-Parent Family	3,047	62.4	23,679	72.8	26,726	71.4
Two-Parent Family	1,734	35.5	7,935	24.4	9,669	25.8
Single	47	1.0	476	1.5	523	1.4
Dependent Child	44	0.9	364	1.1	408	1.1
Caretaker Relative	8	0.2	77	0.2	85	0.2
	4,880	100.0	32,531	100.0	37,411	100.0

Source: Derived by Economic Roundtable from confidential data provided by the California Employment Development Department and the Los Angeles County Department of Public Social Services.

cases where the earnings reported by workers to DPSS staff exceeded their official earnings, as reported by employers to the EDD. Workers do not have an incentive to over-report their earnings to DPSS, since this could result in the loss of some or all of their public assistance benefits. Therefore, we can infer that the over-reporting of earnings indicates income obtained through both informal and formal work, or informal work alone.

Earnings were compared for the third quarter of 2001. We found that 10 percent of the workers over-reported their quarterly earnings by at least \$500, and 6 percent by at least \$1,000. While some of these workers may have been legally self-employed, this evidence suggests that a significant number of welfare-to-work participants – perhaps 10 percent, based on a \$500 minimum wage differential between self-reported DPSS earnings and official EDD earnings – earned at least some of their income through informal activity.

WORKER CHARACTERISTICS

The age distribution of workers in the informal and formal economy groups was very similar (Table 32). The average age of informally employed workers was 33.5 years, compared to 32.6 for all other workers. However, there were significant differences in the sex and family status compositions of the two groups. Informally employed workers were more likely to be women, and more likely to be in a two-parent family.

Workers active in the informal economy were more likely to be immigrants than other workers. The ethnicity and primary language of workers are shown in Table 33. Informally employed workers were more likely to be of East Asian and Pacific Islander or Southwest Asian ethnicity, and less

Table 33
Ethnicity and Primary Language of Welfare-to-Work Participants
Based on Participation in the Informal Economy
Third Quarter, 2001

	Informal Economy Workers		Other Workers		All Workers	
	Number	Percent	Number	Percent	Number	Percent
ETHNICITY						
Hispanic	4,031	47.1	38,072	50.5	42,103	50.1
African American	1,653	19.3	20,459	27.1	22,112	26.3
European American	765	8.9	7,769	10.3	8,534	10.2
East Asian or Pacific Is.	1,308	15.3	6,175	8.2	7,483	8.9
Southwest Asian	800	9.3	2,843	3.8	3,643	4.3
American Indian	6	0.1	126	0.2	132	0.2
	8,563	100.0	75,444	100.0	84,007	100.0
PRIMARY LANGUAGE						
English	4,507	52.4	52,600	69.3	57,107	67.6
Spanish	2,187	25.4	16,315	21.5	18,502	21.9
Armenian	785	9.1	2,660	3.5	3,445	4.1
Vietnamese	547	6.4	1,506	2.0	2,053	2.4

likely to be African American, than other workers. Fifteen percent of informally employed workers were East Asian or Pacific Islander, and 9 percent were Southwest Asian. Most East Asians were ethnic Vietnamese, Cambodians, and Chinese, while most Southwest Asians were ethnic Armenians.

The higher representation of Eastern Asians and Southwestern Asians among the informal economy group is reflected in the primary language spoken by workers. Linguistically, the informal economy group was split in two, with just over half speaking English and just under half speaking another language. The most common foreign languages were Spanish (25 percent), Armenian (9 percent), and Vietnamese (6 percent). Among all workers, 68 percent spoke English as their primary language, while 22 percent spoke Spanish.

Correspondingly, informally employed workers were less likely to be U.S. citizens and more likely to have English language limitations than other workers (Table 34). Citizenship statistics understate the presence of immigrants, as many immigrants are U.S. citizens. This is clear when we compare citizenship and primary language data: 67 percent of informally employed workers were U.S. citizens, while English was the primary language for 52 percent. This is reflected in the data on English proficiency, which shows 33 percent of informally employed workers with limited English ability, compared to 19 percent of other workers.

Informally employed workers were slightly less likely to have completed high school than other workers (Table 34). Fifty-two percent of informally employed workers completed high school, compared to 56 percent of other workers. Though small, this difference is statistically significant. The more limited education of the informally employed workers was most evident in the percent with less than a Grade 9 education:

Table 34
U.S. Citizenship Status, English Language Ability, Educational Attainment Based on Participation in the Informal Economy
Third Quarter, 2001

	Informal Economy Workers		Other Workers		All Workers	
	Number	Percent	Number	Percent	Number	Percent
U.S. CITIZENSHIP STATUS						
U.S. Citizen	5,714	66.5	54,036	71.4	59,750	70.9
Legal Immigrants	2,091	24.3	13,928	18.4	16,019	19.0
Refugees	194	2.3	1,562	2.1	1,756	2.1
Undocumented Immigrants	591	6.9	6,105	8.1	6,696	8.0
	8,590	100.0	75,631	100.0	84,221	100.0
LIMITED ENGLISH ABILITY						
No	4,573	67.1	40,121	81.3	44,694	79.5
Yes	2,241	32.9	9,255	18.7	11,496	20.5
	6,814	100.0	49,376	100.0	56,190	100.0
EDUCATIONAL ATTAINMENT						
Some College	616	12.4	4,115	12.6	4,731	12.6
Completed High School	1,975	39.8	14,156	43.5	16,131	43.0
Grades 9 - 11	1,401	28.2	9,794	30.1	11,195	29.8
Below Grade 9	973	19.6	4,512	13.9	5,485	14.6
	4,965	100.0	32,577	100.0	37,542	100.0

Source: Derived by Economic Roundtable from confidential data provided by the California Employment Development Department and Los Angeles County DPSS.

20 percent of informal workers compared to 14 percent of other workers.

About two-thirds of the welfare parents studied in this chapter had been appraised by DPSS, making it possible to identify their personal barriers to employment, including limited education, family crises, and problems with domestic violence and substance abuse. The informally employed workers were more likely to have multiple barriers to employment, based on long durations of unemployment and welfare assistance, as well as lack of a high school education (Table 35). This is a consequence of the higher representation of immigrants among the informally employed workers. Also, they were slightly more likely to have disability indicators than other workers. Sixteen percent of informally employed workers had disability indicators, compared to 13 percent of other workers. Both groups experienced a similar level of family crises (e.g. homelessness) and family dysfunction (e.g. domestic violence, mental health or substance abuse problems).

To summarize, the major difference between informally employed workers and other welfare parents is that immigrants are more highly represented among the informally employed workers, especially Vietnamese, Cambodian, and Armenian immigrants. This can be seen in the ethnic and linguistic composition of the two groups. The greater presence of immigrants in the informal economy group contributed to other significant differences between the two groups of welfare parents. In particular, the informally employed workers were less educated and less proficient in English. These findings are consistent with the argument

Table 35
**Barriers to Employment of Welfare-to-Work Participants
Based on Participation in the Informal Economy
Third Quarter, 2001**

Barrier to Employment	Informal Economy Workers		Other Workers		All Workers	
	Number	Percent	Number	Percent	Number	Percent
Hard to Employ (No High School, Long Term Unemployment)						
Yes	1,172	17.6	6,787	14.4	7,959	14.8
No	5,479	82.4	40,186	85.6	45,665	85.2
	6,651		46,973		53,624	
Disabled						
Yes	1,049	15.7	6,138	13.0	7,187	13.4
No	5,622	84.3	41,015	87.0	46,637	86.6
	6,671		47,153		53,824	
Family Crisis (Legal, Housing, Other)						
Yes	76	1.1	569	1.2	645	1.2
No	6,595	98.9	46,584	98.8	53,179	98.8
	6,671		47,153		53,824	
Family Dysfunction (Domestic Violence, Mental Health, Substance Abuse)						
Yes	709	10.6	4,886	10.4	5,595	10.4
No	5,962	89.4	42,267	89.6	48,229	89.6
	6,671		47,153		53,824	
VULNERABLE FAMILIES (One or More Personal Barriers to Employment)						
Yes	2,435	36.5	15,295	32.4	17,730	32.9
No	4,236	63.5	31,858	67.6	36,094	67.1
	6,671		47,153		53,824	

that recent immigrants are more likely to seek out and take advantage of, or find no alternative to, informal employment opportunities.

EARNINGS RELATIVE TO THE POVERTY LINE

Welfare-to-work participants identified as earning some or all of their income from employment in the informal economy made considerably less money than other workers. The average earnings of the informally employed group were \$2,537 in the third quarter of 2001, compared to \$3,893 for all other workers. Compared to the 2001 U.S. government poverty threshold for a family of one adult and two children, the average earnings of the informally employed group were 71 percent of the poverty threshold, while the average earnings of other workers in the population of employed parents studied in this chapter were 109 percent of the poverty threshold.

The frequency distribution of workers' earnings relative to the poverty threshold is shown in Table 36. The official poverty rate of informally employed workers was 81 percent, compared to 59 percent for other workers. Less than 3 percent of informally employed workers earned incomes above 150 percent of the poverty threshold, which is a better approximation of a self-sufficiency income. One in five workers who do not appear to be involved in the informal economy earned at least 150 percent of the poverty threshold.

Table 36
Earnings Distribution of Welfare-to-Work Participants
Based on Participation in the Informal Economy
Third Quarter, 2001

INCOME RELATIVE TO POVERTY LEVEL*	Informal Economy		Other Workers		All Workers	
	Workers Number	Percent	Number	Percent	Number	Percent
200 percent or more	41	0.5	7,688	10.1	7,729	9.1
150-199 percent	179	2.1	6,881	9.1	7,060	8.4
100-149 percent	1,418	16.5	16,537	21.8	17,955	21.2
50-99 percent	4,405	51.2	24,885	32.8	29,290	34.7
Below 50 percent	2,559	29.7	19,917	26.2	22,476	26.6
	8,602	100.0	75,908	100.0	84,510	100.0
Official Poverty Rate		81.0		59.0		61.3

*US Poverty Threshold for a family with one adult and two children in 2001 = \$3,567 per quarter.

Source: Derived by Economic Roundtable from confidential data provided by the California Employment Development Department and the Los Angeles County Department of Public Social Services.

OCCUPATIONAL EMPLOYMENT

The occupational distribution of welfare parents is shown in Tables 37 and 38. Table 37 ranks the top twenty occupations for workers who reported informal earnings only, and compares their employment distribution in these occupations with that of all workers engaged in the informal economy, and other welfare parents. One in every nine informally employed workers was hired as a personal and home care aide. They were almost twice as likely to be employed in this occupation as other welfare parents. Informally employed workers were also more likely to be employed as childcare workers, and maids and housekeeping cleaners. Workers in these occupations are often employed in private households.

Table 38 shows the employment distribution of welfare parents across the major occupation groups, and compares it with the employment distribution of all Los Angeles County workers.

Occupational niches were identified in cases where the percent of welfare parents employed in an occupation group was at least 1.5 times greater than the percent of all Los Angeles County workers employed in the same group. Four niches were identified for informally employed workers (Table 38):

Table 37
Major Occupations of Informal Economy Workers and
All Welfare-to-Work Participants
Third Quarter, 2001

SOC Code	SOC Title	Percent of Workers				
		Informal Jobs Only	All Informal Economy Workers	Other Workers	All WtW Workers	
		<i>n=</i>	<i>1,247</i>	<i>3,560</i>	<i>21,248</i>	<i>24,808</i>
39-9021	Personal & Home Care Aides	11.2	11.7	6.4	7.2	
41-2011	Cashiers	7.0	7.0	8.8	8.6	
39-9011	Child Care Workers	6.8	3.3	1.4	1.7	
37-2012	Maids & Housekeeping Cleaners	6.3	3.7	2.1	2.3	
41-2031	Retail Salespersons	5.6	5.2	6.0	5.9	
31-1012	Nursing Aides, Orderlies, Attend.	4.2	3.8	5.7	5.4	
25-9041	Teacher Assistants	4.0	4.0	4.3	4.3	
41-2000	Retail Sales Workers	3.9	3.5	4.3	4.2	
43-6010	Secretaries & Admin. Assistants	3.8	2.3	2.3	2.3	
43-4171	Receptionists & Information Clrk.	3.5	2.4	3.6	3.5	
39-5010	Barbers & Cosmetologists	2.9	1.6	0.6	0.7	
43-9061	General Office Clerks	2.5	2.0	1.9	1.9	
39-5092	Manicurists & Pedicurists	2.2	2.2	0.6	0.8	
37-2011	Janitors & Cleaners	2.1	1.9	1.3	1.4	
43-4050	Customer Serv. Representatives	2.0	1.7	2.9	2.7	
53-7064	Packers & Packagers	2.0	2.0	2.4	2.4	
33-9032	Security Guards	1.9	1.7	2.7	2.6	
53-7062	Laborers & Material Movers	1.7	2.6	3.2	3.1	
51-6031	Sewing Machine Operators	1.7	4.3	1.9	2.3	
43-5081	Stock Clerks & Order Fillers	1.4	1.8	2.6	2.5	

Source: Derived by Economic Roundtable from confidential data provided by the California Employment Development Department and the Los Angeles County Department of Public Social Services.

- *Personal care and service occupations*
- *Sales and related occupations*
- *Building and grounds keeping and maintenance occupations*
- *Healthcare support occupations*

Welfare parents were highly concentrated in personal care and service occupations. One in every four persons whose sole source of income appeared to be from informal work was employed in these occupations, compared to 10 percent of welfare parents relying on the formal economy, and less than 2 percent of the entire county workforce. Within these occupations the jobs most commonly held by welfare parents were personal and home care aide, childcare worker, barber and cosmetologist, and manicurist and pedicurist.

Table 38
Occupational Distribution of Welfare-to-Work Participants
Based on Participation in the Informal Economy
Third Quarter, 2001

Title	Percent of Workers				LOS ANGELES COUNTY WORKERS
	Informal Jobs Only <i>n= 1,247</i>	All Informal Economy Workers <i>3,560</i>	Other Workers <i>21,248</i>	All WtW Workers <i>24,808</i>	
Management Occupations	0.0	0.1	0.1	0.1	5.9
Business & Financial Operations Occupations	0.2	0.1	0.2	0.2	4.3
Community & Social Services Occupations	0.2	0.3	0.5	0.4	1.3
Legal Occupations	0.1	0.1	0.1	0.1	0.9
Education, Training, & Library Occupations	4.3	4.5	5.0	5.0	6.1
Arts, Design, Entertainment, Sports, & Media Occup.	0.2	0.2	0.1	0.1	3.0
Healthcare Practitioner & Technical Occupations	0.6	0.4	0.5	0.5	4.5
Healthcare Support Occupations	5.7	5.2	7.9	7.5	2.2
Protective Service Occupations	2.0	1.9	2.9	2.7	2.6
Food Preparation & Serving Related Occupations	6.2	7.7	7.5	7.5	7.2
Building & Grounds Cleaning & Maintenance Occup.	8.6	5.8	3.7	4.0	3.0
Personal Care & Service Occupations	23.7	19.7	9.5	11.0	1.8
Sales & Related Occupations	19.6	19.2	23.4	22.8	10.1
Office & Administrative Support Occupations	16.9	14.3	18.9	18.3	21.1
Farming, Fishing, & Forestry Occupations	0.0	0.0	0.0	0.0	0.1
Construction & Extraction Occupations	0.3	0.6	0.7	0.7	3.5
Installation, Maintenance, & Repair Occupations	0.4	0.8	1.0	1.0	3.6
Production Occupations	5.5	10.5	8.3	8.6	10.4
Transportation & Material Moving Occupations	5.6	8.5	9.7	9.5	8.5

Occupational Niches Identified by Shading (Index of Representation > 1.50)

Source: WtW occupational distributions derived from DPSS confidential data; Los Angeles County: US Bureau of Labor Statistics, Occupational Employment Statistics (OES).

Informally employed workers were also highly concentrated in building and grounds keeping and maintenance occupations. Nine percent of workers relying entirely on informal economy employment were employed in this group, compared to 4 percent of formal economy workers and 3 percent of all county workers. Most of the welfare parents classified in this group were employed as maids and house cleaners.

Welfare parents were highly concentrated in sales and related occupations and healthcare support occupations. Informally employed were less likely to be employed in these groups than other welfare parents. Twenty percent of workers with informal jobs only were employed in sales and related occupations, compared to 23 percent of other welfare parents and 10 percent of all county workers. Most sales workers were employed as cashiers and retail salespersons. Six percent of workers with only informal jobs were employed in healthcare support occupations, compared to 8 percent of other welfare parents and 2 percent of all county workers. Most welfare parents in this occupation group were employed as nursing aides, orderlies, and attendants.

PART-TIME JOBS

Persons relying on informal jobs worked fewer hours per week than other welfare parents (Table 39). Based on work hours reported to DPSS staff, 24 percent of all informally employed worked 40 hours or more in a typical week, while 16 percent worked less than 20 hours per week. Using a 35-hour cutoff for part-time and full-time work, 60 percent of informally employed workers were working on a part-time basis. Considering other welfare parents, 37 percent were employed 40 hours or more per week, and 10 percent were employed less than 20 hours per week. Forty-four percent of these workers were employed on a part-time basis.

OCCUPATIONAL WAGES

Workers reported their hourly wage to DPSS staff. The average hourly wages reported by welfare parents, listed by major

Table 39
Average Hours Worked per Week
Based on Employment in the Informal Economy
Third Quarter, 2001

Average Hours Worked per Week	Informal Jobs Only	All Informal Economy Workers	Other Workers	All Workers
<i>n=</i>	1,457	4,261	25,897	30,158
40 or more	22.8	24.0	37.0	35.1
35 - 39	11.4	15.8	18.6	18.2
30 - 34	30.7	24.0	21.4	21.8
20 - 29	17.8	19.9	13.1	14.0
Less than 20	17.3	16.4	9.9	10.8
	100.0	100.0	100.0	100.0

Source: Derived from confidential DPSS data.

Table 40
**Average Hourly Wages by Major Occupations
 Based on Employment in the Informal Economy
 Third Quarter, 2001**

SOC Code	SOC Title	A			B	C	Wage Index (A/C*100)
		Informal Jobs Only	All Informal Economy Workers	Other Workers	All WtW Workers	All Los Angeles County Workers	
39-9021	Home Care Aide	6.40	6.49	6.59	6.56	10.30	63
41-2011	Cashier	6.67	6.70	6.73	6.73	9.38	71
39-9011	Child Care Worker	6.07	6.26	6.42	6.38	9.69	65
37-2012	Maid, Housekeeping	6.46	6.55	6.75	6.70	8.49	77
41-2031	Retail Salesperson	6.52	6.58	6.98	6.93	10.45	63
31-1012	Nursing Aide, Orderly	7.78	7.85	7.88	7.87	9.61	82
25-9041	Teacher Assistant	7.29	8.07	8.63	8.55	n.a.	
41-2000	Retail Sales Worker	7.07	6.81	7.64	7.54	n.a.	
43-6010	Secretaries & Admin. Asst	7.52	7.70	8.22	8.15	14.73*	52
43-4171	Receptionists & Inform Clrk	7.04	7.50	8.04	7.98	11.22	67
39-5010	Barber & Cosmetologist	6.61	6.38	6.38	6.38	9.04**	71
43-9061	General Office Clerk	7.28	7.23	8.06	7.94	12.05	60
39-5092	Manicurist & Pedicurist	6.17	6.13	6.19	6.16	10.85	56
37-2011	Janitor & Cleaner	6.51	6.77	7.03	6.98	10.25	66
43-4050	Customer Service Rep	7.82	7.70	8.09	8.05	14.80	52
53-7064	Packer & Packager	6.16	6.30	6.43	6.41	8.03	79
33-9032	Security Guard	7.27	7.16	7.35	7.34	9.26	77
53-7062	Laborers & Material Mover	6.47	6.71	7.03	6.99	9.66	69
51-6031	Sewing Machine Operator	5.99	6.10	6.16	6.14	7.72	79
43-5081	Stock Clerk & Order Filler	6.88	6.96	6.99	6.99	11.14	62

*Secretaries, except Legal, Medical, and Executive (SOC 43-6014).

**Hairdressers, Hairstylists, and Cosmetologists (SOC 39-5012).

Sources: Average wages for WtW participants were derived from confidential DPSS data.
 Average wages for Los Angeles County workers: U.S. Bureau of Labor Statistics, Occupational
 Employment Statistics (OES).

occupation, are shown in Table 40. In almost all occupations, the average hourly wage of informally employed workers was less than that earned by other welfare parents, though for all welfare parents the average wage in each occupation was well below the average wage earned by all Los Angeles County workers in the same occupation. For example, welfare parents employed as personal and home care assistants earned an average of \$6.56 per hour, while all workers in this occupation earned \$10.30 per hour (informally employed workers earned \$6.49 per hour). The average hourly earnings of informally employed workers in these occupations

ranged from a high of \$8.07 for teacher assistants to a low of \$6.10 for sewing machine workers.

The combination of low hourly wages and a high incident of part-time employment helps to explain the 61 percent poverty rate of all employed welfare parents studied in this chapter, and the 81 percent poverty rate of informally employed workers, in the third quarter of 2001.

CONCLUSION

In this chapter we estimated the rate of informal employment among welfare parents who earned money during the third quarter of 2001. By matching official earnings reported to the Employment Development Department on employer payroll tax forms with the earnings reported to the Los Angeles County Department of Public Social Services by welfare workers during an appraisal, we identified workers who appear to have earned all or part of their income through informal employment. This represented 10 percent of welfare parents who worked in the quarter. This measure of informal employment includes workers who were self-employed, as well as workers paid off the books by an employer.

Informal employment is both a strategy employers use to increase labor flexibility and reduce labor costs, and a survival strategy for workers who cannot find better employment opportunities. In particular, recent immigrants are more likely than other workers to work in the informal economy, due to their limited job opportunities, and their vulnerability to unscrupulous employers (e.g. garment industry sweatshop owners). Latino, Vietnamese, Cambodian, and Armenian immigrants were especially likely to work in the informal economy.

The informally employed workers, like all welfare parents, were most highly concentrated in personal care and service occupations and sales and related occupations. They were most likely to be employed as personal and home care aides, cashiers, childcare workers, and maids and house cleaners. They earned very low hourly wages, typically between \$6.00 and \$8.00 per hour. Also, they had a high incidence of part-time employment. As a result, the poverty rate for informally employed workers during the third quarter of 2001 was 81 percent. All other employed welfare parents had a poverty rate of 59 percent. The poverty rate was determined using the U.S. poverty threshold of \$3,567 per quarter for a family with one adult and two children in 2001. This is equivalent to an annual income of \$14,268, well below what most people would consider a living wage in Los Angeles.

Jobs in the informal sector do not offer sustaining employment for welfare parents. The employers of these workers are breaking the law by failing to pay legally required payments for Social Security, Medicare, Disability Insurance, Unemployment Insurance, and Workers Compensation Insurance. Some of these avoided costs will inevitably fall on the county in the form of uninsured health care needs. Furthermore, these workers are unable to claim the Earned Income Tax Credit payments to which they are entitled.

We recommend that Los Angeles County:

- End the practice of treating informal employment as an acceptable means of fulfilling parents' obligation to seek and hold a job.
- Provide appropriate English language, basic education and vocational instruction for parents who are unable to find employment in jobs that provide legally required payroll benefits.

ENDNOTES

¹ Joassart-Marcelli, P. and Flaming, D. (2002). *Workers Without Rights: The Informal Economy in Los Angeles*. Los Angeles: Economic Roundtable.

² Joassart-Marcelli and Flaming estimated informal employment using nine indicators. Estimates of the extent of informal employment in Los Angeles County ranged between nine and 29 percent of the total workforce, with 15 percent the average of the nine indicators.

³ Employment data is from the State of California Employment Development Department, Labor Market Information Division: March 2002 Benchmark, updated on May 7, 2003. Data on the working-age population is from the State of California, Department of Finance, Race/Ethnic Population with Age and Sex Detail, 1970-2040. Sacramento, CA, December 1998.

⁴ A total of 24,721 records were eliminated because the same social security number was recorded in more than one case. Another 50,780 records were eliminated because more than one social security number was recorded in one case. Workers in these "multiple worker" households may or may not have been engaged in informal work. These cases were eliminated because their self-reported income included the earnings of more than one person, and could not be matched with EDD ES-202 data for individuals.

⁵ The final data set included 6,566 cases in which earnings were reported to DPSS, but no earnings were reported to EDD. We could not identify those cases with only one worker showing up in the EDD data, but more than one worker earning income in the informal economy, since the DPSS data aggregated individual earnings by cases. There were 11,458 records in the final data set that have one worker with EDD earnings, but more than one person age 16 and older in the household.

Conclusions and Recommendations

Conclusions

Labor Force Engagement

Working parents who received assistance from the LA County welfare system since GAIN was established in 1988 are a major component of the regional economy, making up about one-eighth of the county workforce. Adding in Medi-Cal only cases, the county welfare system is probably involved with between one-third and one-half of the county's workforce. The county's welfare-to-work program provides a window of opportunity for raising the income floor under working-poor parents, and should be seen as an important factor for shaping the future of the county's economy.

Over 70 percent of CalWORKs parents who have engaged the labor market had earnings below the poverty threshold in 2001. The low earnings of welfare parents reinforce a regional trend toward income polarization. The overall decline in the employment rate and low earnings among welfare parents engaging the labor market from 1998 through 2001 is a matter of particular concern. This trend is associated with increasingly large numbers of parents who left welfare or whose welfare was terminated in 1999, 2000 and 2001. It appears that increasing numbers of parents are leaving welfare without becoming more employable or finding a job.

Vulnerable Parents

Thirty-six percent of parents from Los Angeles County's welfare-to-work program who engaged the labor market from 1998 through 2001 had information in their case records documenting vulnerabilities that significantly diminish their prospects for becoming economically self-sufficient (Table 1). Three types of vulnerabilities are included in this group:

1. *Family dysfunctions* – 6 percent had indicators of domestic violence, mental health, or substance abuse problems.
2. *Disabilities* – 13 percent had indicators of permanent or temporary disabilities or were exempted from GAIN because of incapacity or a responsibility to care for someone who could not care for him or her self.

3. *Multiple barriers to employment* – 26 percent were on welfare or unemployed for at least two years and did not have high school diploma when they were first appraised for GAIN.

The extremely low earnings of all three groups of vulnerable parents provide convincing evidence of severe, unresolved problems that, for most of them, make it unlikely that they will become self-sufficient. Despite these difficulties and the lack of help they have received, 84 percent of these vulnerable parents have engaged the labor market and many are approaching time limits.

In 2001, vulnerable parents had average annual earnings that were 30 percent lower and an employment rate that was 16 percent lower than other GAIN parents with appraisals.

- Parents with family dysfunctions had the worst outcomes - \$2,950 in average annual earnings and 45 percent found jobs.
- Parents with disability indicators had \$3,647 in earnings and 40 percent found jobs.
- Parents with multiple barriers to employment had \$4,888 in earnings and 52 percent found jobs.

There is a low rate of problem identification for parents with domestic violence, mental health or substance abuse problems. Eight percent of parents who actively participated in the GAIN program from 1998 through 2001 were identified as potentially having these problems. This appears to seriously under-represent the actual prevalence of these family dysfunctions. Mental health studies in other California counties have diagnosed roughly half of CalWORKs parents as having one or more of these problems. Among parents in Los Angeles County who were identified as having one of these problems there was a very low rate of effective service delivery. Only 1 in 12 of the parents identified as having these problems were assigned to and completed a relevant service component. A parent with an indicator of a family dysfunction was 4 times more likely to be sanctioned than to complete a program of services for domestic violence, mental health or substance abuse.

Time Limits

The share of the population reaching their time limit on welfare that is made up of vulnerable parents is projected to grow from 56 percent in 2003 to 70 percent in 2005. The greatest share of this growth is projected to be among parents with disability indicators – increasing from 13 percent in 2003 to 28 percent in 2005. Parents who are projected to reach time limits from 2003 through 2005 had average annual earnings in 2001 of \$5,391.

Vulnerable parents are highly represented among persons reaching time limits and these parents typically have very low earnings. Average 2001 earnings of parents with different types of vulnerabilities who are approaching time limits were:

- Multiple Barriers to Employment - \$4,795
- Disability Indicators - \$3,875
- Family Dysfunctions - \$3,213

The good news is that welfare parents will reach time limits in small monthly increments, not in a single wave – there is still time to help most parents achieve better employment outcomes.

Welfare to Work Strategies

A comparison of Los Angeles County's welfare-to-work program with programs in the balance of California suggests that Los Angeles is making a slightly stronger effort than is typical for other counties in the state to improve parents' educational skills and that it is providing an above-average level of supportive services. However, the level of clinical services for family dysfunctions is very modest. The share of the county's CalWORKs caseload getting clinical services in an average month is 20% lower than in the balance of the state.

Fifty-four percent of the welfare parents who have enrolled in welfare-to-work activities since CalWORKs began in 1998 have been poorly equipped to bring their families out of poverty based on the human capital assets they bring to the labor market. These parents lacked a high school diploma, had limited English ability, or had histories of extended dependency. Job Club has been the principal tool for helping parents overcome these difficulties and often, it would appear, an inappropriate tool. Nearly twice as many parents with indications of domestic violence, mental health or substance abuse problems have been referred to Job Club as to a clinical service. Similarly, nearly twice as many parents without a high school diploma or with limited English ability have been referred to Job Club as have participated in education or training. Job Club is an inappropriate response to the needs of parents who lack the educational and occupational skills to compete for a living wage job or who are beset by domestic violence, substance abuse or mental health problems.

Impacts of Education and Training

Two remarkable things stand out when we look at parents who have participated in welfare-to-work activities and compare those who received education and training to those who did not. First, the parents who got education or

training had histories of **lower** average earnings than parents who did not get training. Second, the parents who got training have **higher** post-program earnings than those who did not get training but previously earned the most.

The experience of acquiring new knowledge and skills in anticipation of entering the labor market appears to have awakened possibilities for continued growth and development among many parents who participated in welfare-to-work education or training programs. Typically, these parents were assigned to education or training because they had especially poor employment outcomes, but afterwards they had much higher average earnings than parents who did not receive training. For example, three years *before* engaging the labor market in 1998, the cohort of parents that received training had average earnings that were 16 percent **less** than their counterparts who did not go into training. In 2001, three years *after* labor force engagement, their average earnings were 46 percent **higher** than their untrained counterparts.

There is an indisputable connection between higher levels of education and higher earnings for welfare parents. In addition, the experience of acquiring new knowledge and skills in anticipation of entering the labor market appears to have awakened possibilities for continued growth and development within most parents who participated in GAIN-assigned education or training programs that resulted in higher earnings than those of similar parents who had the same level of education but no GAIN training. This finding holds true across every subgroup of welfare parents when we control for: sex, marital status, age, English ability, length of time on welfare or unemployed, years of schooling, and year of entry into the labor market.

Examining the Research that Validated "Work First"

An examination of MDRC's (Manpower Demonstration Research Corporation) research in Los Angeles County suggests that the evidence it produced is quite narrow in scope, and that it has been used more extensively than is warranted in designing Los Angeles' welfare-to-work program. In particular the county has been poorly served by an over-emphasis on immediate employment and under-utilization of skill development programs. This program model has not produced sustained earnings growth, leaving most welfare families below the poverty threshold.

Conclusions that are credibly supported by data from MDRC's research subjects in Los Angeles County include:

1. An emphasis on work experience is an important part of moving toward self-sufficiency and can double the employment rate among welfare parents.
2. Parents who make the most earnings progress are typically those who have or acquire at least a high school diploma, English fluency and vocational training.

There appear to be opportunities to improve the earnings outcomes of welfare parents by recognizing that self-selection is an important factor in connecting parents with education and training. While all subgroups of welfare parents show higher earnings and greater earnings growth for those who receive education and training, self-selection plays an important role in determining which specific parents participate in an education or vocational training program. Skill development is poorly suited for a command and control system in which parents are compelled to undertake specific activities. The critical challenges are to build a program environment that communicates the value of education and then to ensure that every parent who selects education or training has full access to it.

Sanctions

Sanctions are explained by the State of California as serving the purpose of encouraging parents "to comply with program requirements and take the steps necessary to become self-sufficient." One indication of whether sanctions have the intended effect of moving parents toward self-sufficiency is the rate of subsequent earnings progress demonstrated by sanctioned parents.

Los Angeles County uses sanctions aggressively, with a sanction rate about 28 percent higher than the rest of the state. One consequence is that fewer parents are deemed noncompliant. Another consequence is that fewer parents are acknowledged to have good cause for not participating in welfare-to-work activities. One worrisome bottom line outcome is that Los Angeles has a below-average percent of parents in unsubsidized employment compared to the balance of the state.

When we compare the earnings progress that sanctioned parents in Los Angeles County had achieved by their third years after labor force engagement to the progress of their unsanctioned counterparts we see that earnings of sanctioned parents had grown an average of 78 percent and non-sanctioned parents 98 percent. The rate of earnings growth for sanctioned parents was 26 percent less than that of non-sanctioned parents.

Childcare

Access to GAIN childcare services builds a foundation for strong earnings progress that continues even after childcare ends. Among CalWORKs parents who received childcare assistance, those with higher levels of education achieved markedly improved outcomes in the labor market. Parents who received childcare and had any level of exposure to college had earnings in 2001 that were 24 percent higher than their counterparts with just a high school diploma, and 49 percent higher than those with just 9 to 11 years of schooling (average annual earnings were \$12,667, \$10,193 and \$8,494, respectively).

Los Angeles County receives less than its fair share of childcare funds from the state. The county has 39 percent of all active cases in the state but has only 26 percent of the childcare slots funded in the state and receives only 32 percent of state childcare funds for CalWORKs parents.

The 1998 Cohort of CalWORKs Parents

The 1998 cohort of welfare parents provide the longest-term data available about outcomes from CalWORKs. Parents who participated in welfare-to-work in 1998 experienced rising earnings between 1998 and 2001, but in 2001 most remained mired in poverty. In any given quarter, most were unemployed, a telling indicator of their marginal labor market situation. At the end of 2001, their unemployment rate was 53 percent. In 2001, the cohort's poverty rate was 80 percent, and only 10 percent were on a path to economic self-sufficiency (based on earnings that were 150 percent of the poverty threshold).

Those who found jobs had difficulty keeping them. Turnover rates per quarter were between 11 percent and 15 percent. Only one in four workers were employed in at least 13 of 16 quarters between 1998 and 2001. While US citizens fared better in the labor market than recent immigrants, all groups struggled to break out of poverty.

Welfare parents have been incorporated into the Los Angeles labor market as a flexible workforce. They supplement employers' short-term labor needs, and are highly vulnerable to layoff and dismissal. This is due in part to human capital limitations that limit the job opportunities of most welfare parents to high-turnover, low-wage positions in various consumer and producer service industries, as well as low-wage manufacturing industries. Now that the long economic expansion of the 1990s has ended, welfare parents are vulnerable to layoffs and firings, and may well find the search for a living wage job even more daunting than before.

Labor Market Conditions

Welfare parents are highly represented in growing and stable low-wage service industries, including administrative and support services, other services (e.g. personal and repair services), and accommodation and food services. These industries are characterized by limited union coverage and high rates of labor turnover; as a result, these parents are hard pressed to find and keep living wage jobs.

The restructured labor markets of Los Angeles present us with a crucial challenge: are welfare parents and the rest of the working poor to remain an underpaid service class in an increasingly inequitable economy, or will they be integrated into stable jobs that provide a path out of poverty? The former course is likely to be maintained if market forces continue to go unchecked in the new global economy. The latter outcome will only be achieved by increasing wages and job security in low wage jobs, and providing workers with the education and training required to seek higher wage jobs.

Informal Employment

At least 10 percent of welfare parents appear to have earned all or part of their income through informal employment. Informal economy workers were more likely to have limited English ability and to be recent immigrants, especially Latino, Vietnamese, Cambodian, and Armenian immigrants.

Informally employed workers, like all welfare parents, were most highly concentrated in personal care and service occupations and sales and related occupations. They were most likely to be employed as personal and home care aides, cashiers, childcare workers, maids, and house cleaners. They earned very low hourly wages, typically between \$6.00 and \$8.00 per hour. Also, they had a high incidence of part-time employment. As a result, the poverty rate for informally employed workers during the third quarter of 2001 was 81 percent. All other employed welfare parents had a poverty rate of 59 percent. The poverty rate was determined using the U.S. poverty threshold of \$3,567 per quarter for a family with one adult and two children in 2001. This is equivalent to an annual income of \$14,268, well below what most people would consider a living wage in Los Angeles.

Jobs in the informal sector do not offer sustaining employment for welfare parents. The employers of these workers are breaking the law by failing to pay legally required payments for Social Security, Medicare, Disability Insurance, Unemployment Insurance, and Workers Compensation Insurance. Some of these

avoided costs will inevitably fall on the county in the form of uninsured health care needs. Furthermore, these workers are unable to claim the Earned Income Tax Credit payments to which they are entitled.

RECOMMENDATIONS

We recommend that the Los Angeles County Board of Supervisors act on the compelling evidence presented in this report showing that (1) increased education and training, (2) more effective services for vulnerable families, (3) improvements in the structure of the welfare-to-work program are needed to enable more families to become self-sufficient. Recognizing that both the county and the state are under severe budget constraints we offer the following general suggestions:

- The first step in strengthening the county's welfare-to-work is to identify the improvements that are needed. Even if all of the recommendations offered in this report cannot be fully implemented immediately, by adopting these recommendations the Board of Supervisors will at least have established a road map identifying where it needs to go.
- A welfare-to-work program that leaves nearly three-quarters of families with earnings below the poverty threshold is not cheap for the county. A preponderance of county expenditures pay for different types of public sector responses to the problems of poor families. The consequence of growing numbers of poor families will be growing needs that cannot be met by the county's budget.
- Many of the recommendations in this report do not require additional county outlays. For example, by encouraging education and vocational training as a voluntary choice on the part of parents rather than an involuntary decision made for parents by county staff, parents can be empowered to seek out openings in the large network of adult education, community college, and vocational training programs that are administered by public sector jurisdictions throughout the county.
- It may well be possible to achieve improved outcomes from current expenditures. For example, our anecdotal impression has been that there is significant unevenness in the quality of services provided by different facilities that receive welfare-to-work funds to address domestic violence, mental health and substance abuse problems among welfare parents. By replacing less effective service providers the county could provide a higher level of service to more parents with the existing funding it receives from the state.

Our specific recommendations to the Board of Supervisors are as follows:

Strengthen Clinical Services

Increase the number of parents who receive appropriate and effective services for domestic violence, mental health and substance abuse problems through the following steps:

1. Augment the current formal screening process conducted by CalWORKs and GAIN staff as part of the formal intake process for welfare and employment activities by assigning professional staff from the organizations under contract to provide mental health, substance abuse and domestic violence services to conduct informal outreach in welfare office waiting rooms to identify, screen and enroll parents who need clinical services.
2. Work with the Commission for Public Social Services to develop a plan for increasing the presence of individuals with professional degrees in social work in the Department of Public Social Services.
3. Identify the poorest-performing quartile of clinical service providers, as measured by quality of clinical services, percent of completed appointments, and percent of referred parents who complete the program to which they were referred. Terminate funding to facilities in the bottom quartile, whether they are part of a county department or a contract agency, and reallocate their funding to more capable service providers.
4. During the current calendar year increase the number of parents with family dysfunctions who are receiving clinical services to at least the level of service delivery in the balance of the state.

Meeting the Needs of Parents Approaching Time Limits

5. Carefully screen long-term welfare recipients, for example all recipients who have used 50 percent or more of their lifetime limit of 60 months of public assistance, for domestic violence, mental health, substance abuse, or disability-related problems.
6. Provide exemptions for parents found to have any of these problems.
7. Facilitate enrollment of parents with domestic violence, mental health or substance abuse problems in appropriate clinical services.
8. Provide effective screening and advocacy to identify parents who qualify for Supplemental Security Income benefits and help them enroll in this program.
9. Enroll parents with multiple barriers to employment (long-term welfare, sparse employment history, no high school diploma) in part-time training,

- part-time employment programs to strengthen their work histories and employment-related skills.
10. Provide ombudsman staff to review cases in which parents believe the determination that they have “timed-out” has been made in error. The data files used to make these determinations have many inaccurate and incomplete data entries and there is likely to be a high error rate in these determinations.

Obtain Fair-Share Funding for Childcare

11. In collaboration with community organizations and elected officials initiate a focused and determined advocacy effort to ensure that Los Angeles County receives its fair share of childcare funds from the state. The county has 39 percent of all active cases and should receive at least 39 percent of state childcare funds for CalWORKs parents.

Provide Welfare Parents with the Capabilities to Make Earnings Progress that Will Lift Their Families Out of Poverty

12. Initiate skill development activities prior to, or concurrently with, employment activities rather than waiting until after parents establish an unsuccessful employment history to make referrals to education and vocational training programs.
13. Prior to formal enrollment in welfare-to-work provide information to parents encouraging them to develop self-initiated training programs, which lead to the highest earnings of any welfare-to-work program. Building on the initiative and resourcefulness of parents in finding opportunities for education and training is particularly important given the current county and state budget shortfalls.
14. Build on the strong interest in education among better-educated, younger, and English-speaking parents by encouraging their enrollment in skill development programs in combination with employment activities required by TANF and CalWORKs.
15. Raise the educational ceiling for welfare parents by encouraging enrollment in community college training programs in combination with employment activities required by TANF and CalWORKs.
16. Provide support services that will increase the completion rate for parents enrolled in remedial education.
17. Greatly increasing skill development opportunities for parents with limited English ability, who are now significantly under-served, by developing innovative, high quality instructional programs that are responsive to their learning styles.

18. Increase recruitment, counseling and support services, and develop client-appropriate instructional programs to encourage parents in very poor neighborhoods and parents with low levels of education to participate in educational programs.
19. Invest a level of effort in building a culture that values learning that is comparable to the effort that has been invested in building a culture that values work.

Steer Workers Out of the Informal Economy

20. Ensure that working parents have the basic social safety net protections required by law by end the practice of approving employment of CalWORKs parents in the informal economy.
21. Conduct assessments of parents who are unable to find work in the formal economy and ensure that those parents become enrolled in English as a second language, remedial education and/or vocational training as needed to ensure that they can compete for legitimate employment opportunities.

Improve Accountability and the Application of Accountability Measures

22. Obtain Social Security numbers from all parents who enroll in GAIN. Provide expeditious assistance in obtaining Social Security numbers for parents who do not have them.
23. Reduce the number of financial sanctions issued by at least 28 percent to ensure that Los Angeles County does not exceed the sanction rates in the balance of the state.
24. Greatly increase the use of social work skills as an alternative to sanctions for assisting parents who have indicators domestic violence, mental health or substance abuse problems.
25. Strengthen the connection between the Department of Public Social Services and community organizations with a stake in the self-sufficiency of welfare parents by establishing a formal mechanism for community participation in planning and adopting welfare policies. This participatory process should include only organizations that are not recipients of funds from the Department of Public Social Services. The process should ensure full, meaningful and informed participation in determining the use of resources and in considering and adopting welfare policies.
26. Strengthen the capacity of the Department of Public Social Services to use its own client data to increase program effectiveness. For example, the types of analysis of client characteristics, services delivered, and

employment outcomes presented in this report should be conducted on an ongoing basis to: (a) develop service delivery strategies tailored to the needs of different subgroups of parents, (b) assess overall program outcomes and outcomes for different communities and subgroups, (c) identify and monitor performance goals based on the number of families that become self-sufficient.

Integrate Welfare-to-Work Programs with Other Programs for Workforce Training and Economic Development

27. To the extent possible within TANF and CalWORKs legislation encourage parents to achieve their highest productive potential in the labor force through appropriate combinations of full- or part-time work and full- or part-time skill development, including long-term training.
28. Eliminate barriers to outside training organizations in enrolling CalWORKs parents in education or training activities to the extent allowed by TANF and CalWORKs legislation.
29. Build capabilities among GAIN services workers to understand and use labor market information to assist parents in developing employment objectives and career development plans that will lead to self-sufficiency.

Comments by the Los Angeles County Department of Public Social Services and Economic Roundtable Responses

INTRODUCTION

This chapter provides comments on this report from the Los Angeles County Department of Public Social Services (DPSS) and responses from the Economic Roundtable.

We would like to thank the Department of Public Social Services their contributions, which included providing data, answering questions, arranging site visits, reviewing this report, and providing comments on the report.

What follows are:

- The transmittal letter from DPSS
- Comments in table form from DPSS with responses from the Economic Roundtable following each comment.



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

June 23, 2003

Daniel Flaming, Ph.D., President
Economic Roundtable
315 West Ninth St., Suite 1209
Los Angeles, California 90015

Dear Dr. Flaming:

Enclosed are the Los Angeles County Department of Public Social Services' comments and recommendations on the Economic Roundtable's Welfare-to-Work Outcomes draft report, "Prisoners of Hope - Welfare to Work in Los Angeles."

We were pleased to work with you on this report, which was requested by the Board of Supervisors in December 2000. As our comments show, we have reservations on some parts of the report. As a Department, we are committed to strengthening our programs so that we can help improve the economic and social status of the welfare-to-work population that we serve.

We hope that our comments are helpful in the preparation of your final report. If you have any questions regarding our comments, you may contact Dr. Henry E. Felder at (562) 908-5879.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bryce Yokomizo", is written over the "Very truly yours," line.

Bryce Yokomizo
Director

BY:em

Enclosure

Dear Mr. [Name]
[Address]

June 21, 2001

George Fleming, Jr., President
Executive Committee
215 West 14th St., Suite 1100
Los Angeles, California 90015

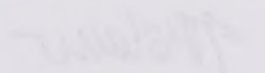
Dear Mr. Fleming:

I received the 1999 Highway Construction Report from the Highway Construction Committee and was very interested in the Highway Construction Committee's report, "Highway Construction: A Vision for the Future."

We were pleased to read that the report, which was requested by the Board of Directors in December 1997, was completed. We were particularly pleased that the report, as a document, was the product of a collaborative effort between the Highway Construction Committee and the Board of Directors. We were also pleased to see that the report was a product of the Highway Construction Committee's efforts to improve the quality of the work of the Highway Construction Committee.

We hope that the committee's report is the beginning of a new era of Highway Construction. We hope that the committee's report will be a catalyst for change and that it will lead to a new era of Highway Construction. We hope that the committee's report will be a catalyst for change and that it will lead to a new era of Highway Construction.

Very truly yours,



George Fleming, Jr.
President

By: [Name]

Enclosure

COMMENTS BY THE LOS ANGELES COUNTY DEPARTMENT OF PUBLIC SOCIAL SERVICES AND ECONOMIC ROUNDTABLE RESPONSES

General Comments

The Analysis On Disabled Participants

Participants with permanent disabilities should be excluded from the analysis in this report, as they are exempt from participating in GAIN. Including them in the calculations of employment and earnings deflates the success of able-bodied participants.

ERT Response: We have called attention to parents with disability indicators because they had very low long-term earnings. We agree that these parents should be looked at separately. Very few parents were permanently exempted from GAIN activities because of disabilities that were recognized by DPSS. Most of these parents had only temporary exemptions, even those with a permanent disability flag in their record. We break out earnings data in a variety of ways, often with parents who had disability indicators isolated from other subgroups. Many of the parents with disability indicators have completed GAIN, attempted to enter the labor force, and are experiencing very low earnings. It is necessary to understand the outcomes of these parents, but also to see them as a distinct group.

Selection Of Time Periods

The researcher's selection of time periods used for various analyses is problematic. It is important to note that Welfare-to-Work regulations changed drastically after welfare reform was implemented in 1998.

ERT Response: In virtually every instance that we present earnings data we have a break point at 1998. It should be noted, however, that this distinction does not necessarily reflect well on outcomes from the current GAIN program. Parents who went through GAIN before 1998 have higher average earnings than those who went through from 1999 through 2001(respective earnings in 2001 were \$7,945 vs. \$4,211).

General Use Of Term "Parents" Throughout The Report

The use of the term "parents" can be misleading as it implies that only parents are subject to Welfare-to-Work and time limits. We recommend the term "aided adult" or "participant" be used instead.

ERT Response: We use the term "parent" because (a) it conveys a sense of dignity and responsibility, (b) It acknowledges that this is a family-based aid program, (c) it recognizes that participants share a responsibility with other parents in society to provide for the well being of their children.

Economic Roundtable's Conceptual Framework and Findings

We believe that the report can provide more balance by focusing on the positive areas/aspects of the work-first approach and qualifying the value of targeted education and training assignments for participants who demonstrate aptitude for education and training, as evidenced by a history of education and self-selection. We recommend including the GAIN Program flow-chart as part of the Exhibit section.

ERT Response: Accomplishments of GAIN that are recognized in the report include: doubling the employment rate among welfare parents; building a foundation for long-term earnings growth among parents who receive childcare; increasing the percent of parents receiving services for domestic violence, mental health or substance abuse problems in recent years; and providing a higher level of educational and supportive services than counties in the balance of the state. Figure 2 in the report is a flow chart developed out of the data we analyzed.

Economic Roundtable's Conceptual Framework and Findings – Education and Training – “Length of Programs”

The report indicates that education and training should not be limited to short-term programs, but it does not evaluate the value of program length. We believe that the program design is sufficiently flexible to accommodate individual needs, program goals, and economic trends to the extent possible.

ERT Response: We did not receive data that enabled us to evaluate the impacts of training programs of different durations. We believe it is very clear from the data we did analyze that: (a) more parents should receive education and vocational training, (b) skill development should be a first rather than last resort, (c) a goal of welfare-to-work should be to raise the educational ceiling for welfare parents, including participation in community college programs.

Roundtable's Conceptual Framework & Findings – Work-First vs. Education and Training

We question the methodology used to determine that participants derive a greater benefit from education and training than from the work-first program. The extrapolations and wage comparisons of cohorts/sub-cohorts appear to be beyond the scope and boundaries of the research design module that was intended to test the groups as a whole and not necessarily to compare sub-parts of the groups. Furthermore, comparing sub-groups that include individuals who received education and training to those that did not fails to exclude variables such as selection bias, history, growth and development, and environmental effects.

ERT Response: This comment does not reflect awareness of the detailed and extensive outcome information presented in Chapter 6 of the report and the supporting tables in the Appendix. The evidence that higher levels of education, English fluency and participation in GAIN education and vocational training are associated with higher earnings is indisputable. We agree that self-selection is a factor in these outcomes, but we see this as presenting opportunities rather than limitations. There is an extensive discussion of self-selection in Chapter 7, including self-selection dynamics among different subgroups of welfare parents. We believe this information can be used to develop a variety of approaches for connecting more parents with skill development activities and higher long-term earnings.

Conclusion

We agree that outreach efforts and specific training in these areas of concern may help identify participants who may benefit through education and training, and available supportive services, including domestic violence, mental health and substance abuse. However, we underscore that participants have the ultimate right to accept or reject services and/or self-disclose the need for services and referrals.

ERT Response: We agree that it is desirable to build on the voluntary interests of parents in skill development programs and clinical services. We would point out, however, that currently these activities are not voluntary. Parents are sanctioned if they fail to follow through on referrals for either training or clinical services. We support this policy movement toward empowering parents to make voluntary and informed decisions about the services they need.

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
Chapter Comments		
Page 2 Bullet 3 First Sentence	"Welfare parents have become a significant factor in the regional economy; on any given day they account for one in ten jobholders and one in three job seekers in Los Angeles County."	We do not agree and believe this statement is misleading. For December 2002, the WtW 25 and WtW25A (the Welfare-to-Work Monthly Activity Report) reported that 30,103 CalWORKs adults were employed. In Los Angeles County, in December 2002, California Employment Development Department reported that 4,378,100 persons were counted as employed. Thus, working welfare families were 0.6% of the employed in LAC. It is not clear how this translates into 1 in 10, and appears to distort the impact that working welfare adults have on the County economy.
<i>ERT Response: This comment does not reflect awareness of Chapter 2 of the report. We explain that an average of at least 419,190 current and past CalWORKs parents were employed in wage and salary jobs in Los Angeles County during 2001, out of an annual average employed wage and salary labor force of 4,102,100. This is slightly over 10 percent. The employment total of 4,378,100 cited in the comment is for all workers, including self-employed persons and workers in the informal economy, who are not reflected in wage and salary payroll reports. If we include welfare parents working in the informal economy, the total employment of welfare parents accounts for more than 10 percent total employment in the county.</i>		
Page 2 Bullet 3 Last Sentence	"Their low earnings of reinforce a regional trend toward income polarization."	It is an overstatement on the impact of earnings in a labor force as large as Los Angeles County. Low earnings are only one of many environmental factors that lead to income polarization. In addition, GEARS data shows that the average entry wage for CalWORKs participants in December 2002 was \$7.85. According to EDD, the average entry-level wage within Los Angeles County was \$7.96. The wage differential between the two is minimal.
<i>ERT Response: The jobs found by welfare parents typically end within 6 to 9 months and often are only part-time. As a consequence, only 11 percent of welfare parents who have entered the labor market earn the annual equivalent of full-time employment at \$7.85 an hour. We agree that welfare-to-work should be seen in the context of the overall labor market. It both is shaped by and helps shape the county's economy. This is discussed in Chapters 11-13.</i>		

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
Page 2 Paragraph 1 Bullet 2	"Disabilities - 13 percent had indicators of permanent or temporary disabilities. They earned an average of \$3,647 in 2001."	We disagree with this statement as it is unclear why participants with disability indicators were included in the analysis when such participants are exempt from GAIN participation. Exemptions are based on written documentation from physicians or other appropriate professionals, and the duration of the exemptions are based directly on the expected recovery dates stipulated in the documentation.
<i>ERT Response: We break out parents with disability indicators because they have persistently low employment rates and earnings that set them apart from other parents. They pull down the overall averages when they are left in the overall population of parents. Even though most had only short-term exemptions, most appear to be affected by long-term problems. We recommend that DPSS take steps to gain a better understanding of the problems affecting these parents.</i>		
Page 2 Paragraph 2	"The extremely low earnings of all three groups of vulnerable parents provide convincing evidence of severe, unresolved problems that, for most, make it unlikely they will become self-sufficient. Many of these parents are approaching time limits."	Persons who are victims of domestic violence or have been exempted from GAIN because of permanent or temporary disabilities have clock stoppers and are not subject to time limits during the months that these situations prevail. Because the ER report uses general language that seems inclusive the impression is given that such persons will be time limited. Other clock stoppers include GAIN sanctions and a formula driven relationship between child support payments and months the clock is stopped.
<i>ERT Response: In the report we point out that these problems have long-term impacts but that for the most part GAIN provides only short-term exemptions. Consequently, as the system is currently designed, the clock does not stop for most vulnerable parents. The approach we recommend is to recognize that many of these vulnerable parents have long-term needs for supportive services and to provide social work assistance for helping them manage their problems as they seek to become self-sufficient, rather than assuming that they are no longer impacted by their problems.</i>		
Page 2 Last Paragraph	"A review of the research that guided adoption of the "work-first" approach by Los Angeles County....was warranted in designing Los Angeles' welfare-to-work program."	We disagree with this statement. Since implementation of the GAIN Program in 1988 through July of 1993, GAIN was an education-first program. Research demonstrated this model was ineffective in moving participants towards self-sufficiency. Thorough research was conducted and many options were considered, including a "work-first" approach based on input from participants, GAIN staff

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
		and Riverside County's highly recognized and successful Welfare-to-Work program to arrive at the current approach.
		<i>ERT Response: This comment does not reflect awareness of the data we present in Chapter 8 about outcomes from the county's education-oriented 1988-1993 program. Earnings of parents who participated in this program grew 32 percent more than earnings of parents who did not participate. Research data shows that the educational model led to significant growth in earnings.</i>
Page 3 Paragraph 1	"The intuitively uncomfortable consequence of how this research has been applied in Los Angeles County has been to put us in the position of telling our children, 'go to school as much as you can and you will do well,' but telling welfare parents, 'don't go to school, it won't make any difference.'"	DPSS values education and provides education/training activities for participants. The County offers a four-five week Enhanced Job Club (EJC) which provides a one-week Career Planning and Preparation Seminar, job search for targeted living wage jobs during the second and third week of the program and a voluntary fifth week of Enhanced Motivation. When participants are unable to obtain a living wage job, they are encouraged to seek part-time work to be combined with an education or training program that is consistent with the participant's career goal. Participants who are unsuccessful in obtaining employment during the fourth week, have the option of participating in a fifth week of Enhanced Motivation, during which staff provide intense individualized support to assist participants to address any barriers to employment. Additionally, GAIN participants may participate in Self-Initiated Programs (SIP) and post-assessment activities, including education/training. DPSS assists participants in making informed decisions about their career goals by helping them learn more about the job market and how best to match their interests and skills with actual employment opportunities.
		<i>ERT Response: We agree that this program is promising. We have two concerns about it:</i> <i>1. Only one small group of parents at one site participated in this program during its rollout at the end of the 2002-2003 fiscal year, and funding for the 2003-2004 fiscal year is uncertain.</i> <i>2. It is only after they have failed to find a job that parents are encouraged to pursue education or training. Based on what we have learned from the employment histories of 1.1 million welfare parents in Los Angeles County we know that most parents who lack high</i>

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
	<i>school diplomas or recent work histories will not find and keep living wage jobs. These parents should be routed directly into education and training programs without waiting for them to fail.</i>	
Page 3 Paragraph 3 Sentence 2	"Nearly twice as many parents with indications of domestic violence (DV), mental health (MH) or substance abuse (SA) problems have been referred to Job Club as to a clinical service."	We disagree with this statement. When a participant attends orientation/appraisal, the participant is screened for Mental Health (MH), Domestic Violence (DV) and Substance Abuse (SA) problems and referred to clinical assessment, as appropriate. While a referral to Substance Abuse is mandatory, referrals to Mental Health and Domestic Violence services may be waived by the participant. Job Club is the next activity for all participants who are not in a Self-Initiated Program or receiving supportive services. In addition, if the participant has a compliance issue, the participant is asked if Mental Health, Substance Abuse or Domestic Violence problems may be a contributory factor in the compliance issue and supportive services are again offered, if needed.
<i>ERT Response: Our statement reflects a careful and accurate tabulation of information from DPSS records. DPSS' comment seems to suggest that since this outcome should not be occurring based on the program process that DPSS has in place; the outcome data must be incorrect. The outcome data we have provided in accurate. A more appropriate response would be to review and strengthen program processes so that they achieve the intended outcomes.</i>		
Page 3 Paragraph 4	"However, the level of clinical services for family dysfunctions is 20 percent lower than in the balance of the state. Los Angeles uses sanctions (cutting off a parent's welfare benefits) aggressively, with a sanction rate about 28 percent higher than the rest of the state. One worrisome bottom line outcome is that Los Angeles has a below-average percent of parents in unsubsidized employment."	We disagree, GAIN staff refer participants to supportive services when domestic violence, mental health and/or substance abuse problems are identified. However, participants can decline Mental Health and Domestic violence services. Financial sanctions are used only as a last resort to prompt participants to resume participation in the GAIN Program. Additionally, prior to imposing a financial sanction, GAIN participants are given several opportunities to avoid adverse case action. Furthermore, sanctions imposed by L.A. County are consistent with regulatory requirements.

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
ERT Response: <i>The facts presented in the report describe the actual level of under-service for county parents compared to the balance of the state. Even though well-intentioned processes may be in place, what counts is the outcomes those processes produce. Very few problems related to domestic violence, mental health or substance abuse problems are identified in Los Angeles County because the questions that screen for these problems are asked as part of the welfare eligibility determination process. This is not a setting that is conducive to disclosing personal problems.</i> <i>Other counties in the state are more likely than Los Angeles to find solutions other than terminating parents' public assistance when case management issues arise.</i>		
Page 4 Paragraph 3 Last Sentence	"The critical challenges are to build a program environment that communicates the value of education and then to ensure that every parent who selects education or training has full access to it."	DPSS is committed to education and provides participants with opportunities to seek part-time employment in combination with an education/training program activity that will ultimately lead to a degree/certificate and/or full-time employment.
ERT Response: <u>We are strongly supportive of this policy statement and commend the Department of Public Social Services for announcing this commitment.</u> We support extending this commitment beyond the small number of parents who currently participate in part-time employment and part-time education programs and making this opportunity available to all welfare parents.		
Page 5 Bullet 2	"Provide support services that will increase the completion rate for parents enrolled in remedial education."	Participants are referred to a basic education component after assessment based on the results of the assessment process. All participants who are engaged in approved activity are provided with supportive services that are needed to succeed and to which they are eligible.
ERT Response: <i>Seventy-two percent of all parents who have started remedial education since CalWORKs began in 1998 have not completed it. This is an extremely high dropout rate. We recommend that DPPS review and correct this problem.</i>		
Page 5 Bullet 3	"Greatly increase skill development opportunitiesby developing innovative, high quality instructional programs that are responsive to their learning styles."	DPSS is already working closely with the education community in the Development and provision of specialized training for limited English proficient participants.
ERT Response: <i>We commend DPSS for having begun this.</i>		

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
Page 5 Bullet 5	"Build on the strong interest in education among better-educated, younger, and English-speaking parents by encouraging enrollment...in combination with employment activities."	DPSS encourages all employed participants to enroll in post-employment education/training activities. Some choose not to do this.
<i>ERT Response: Encouragement to pursue education is a hollow platitude for a single mother who must also work full time and care for her children before and after work. For this encouragement to be meaningful parents must be given the opportunity currently permitted under federal and state welfare legislation to combine part time work with part time schooling. This opportunity is highlighted in an earlier DPSS comment but it has only been made available to a handful of parents.</i>		
Page 5 Bullet 6	"Raise the educational ceiling...encouraging enrollment in community college training programs in combination with employment activities...welfare regulations."	Currently, DPSS encourages participants to participate in community college and provides them with opportunities to seek part-time employment in combination with an education/training program activity that will ultimately lead to a degree/certificate and/or full-time employment.
<i>ERT Response: We commend DPSS for having initiated this program and recommend that it be expanded. The data that DPSS provided for this analysis showed that fewer than 30 parents were enrolled in this program.</i>		
Page 5 Bullet 7	"Encourage parents with multiple barriers to employment...to enroll immediately in skill development activities that will ...to compete in the labor market."	This process is currently in place through the Enhanced Job Club. Participants who have exhausted their 18/24-month clock and therefore, may be classified as long-term participants are already referred for concurrent work experience and education/training assignments.
<i>ERT Response: Our recommendations is that these parents should be referred to education and vocational training as soon as they enter GAIN rather than waiting until they exhaust their 18/24 month clock.</i>		
Page 5 Bullet 8	"Invest a level of effort in building a culture that values learning ...culture that values work."	DPSS values education and provides educations/training activities for participants. Education programs that are consistent with and in support of participant's employment goals are not only encouraged but also formalized in their employment plans.

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
	<i>ERT Response: We acknowledge that since CalWORKs began in 1998, 12 percent of parents who were active GAIN participants and 4 percent of the total GAIN population have taken part in GAIN education or vocational training. The best prospect that we see for helping more parents become self-sufficient is to increase this rate of participation in skill development programs. Accordingly, we recommend greatly expanding the number of parents who receive education and vocational training. We see this as a project comparable to the transition from an organizational culture of dependency to a culture of work that has already been achieved by DPSS.</i>	
Page 5 Last Sentence	"Increase the number of parents who receive appropriate and effective services for domestic violence, mental health and substance abuse problems."	This would require legislative changes making services mandatory. Currently, participants in need of DV, MH and SA are offered and referred to appropriate services. However, while a referral to SA supportive services is mandatory, referrals to DV and MH supportive services are optional.
	<i>ERT Response: This comment is not accurate. The biggest problem is that only about one-seventh of the CalWORKs cases with domestic violence, mental health or substance abuse problems are identified. This problem can be corrected through better outreach activities. The second biggest problem is that there is a low completion rate among the parents who are identified and referred for clinical services. This problem can be addressed by replacing the least effective providers of clinical services with more capable organizations.</i>	
Page 6 Bullet 10	"Assign professional staff from the organizations under contract to provide Mental Health, Substance Assistance and Domestic Violence services to conduct informal outreach in welfare office waiting rooms to identify, screen and enroll parents who may need their services."	During the intake and annual eligibility redetermination, participants are provided a presentation about the availability of DV, MH and SA services by a specialized supportive services representative from Community Assessment Services Center (CASC). Participants are screened at intake, the annual review, GAIN orientation/appraisal and vocational assessment for MH and SA supportive services needs. They are provided information about the availability of DV services.
	<i>ERT Response: The current screening process is conducted as part of the formal intake process for welfare and employment activities. This setting is not conducive to revealing confidential and embarrassing information. There is an important, unmet need to bring welfare parents together with professionally credentialed social workers or psychotherapists in a setting that encourages trust and sharing of confidential information.</i>	

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
Page 6 Bullet 11	"Bring up the floor under clinical service providers by replacing the poorest performing...capable service providers."	Upon learning the participant is not satisfied with specialized supportive services provided, GAIN staff refers the participant to a different provider and informs CASC.
<i>ERT Response: Only one out of every five parents referred for clinical services completes the services to which they were referred. A review of case records shows frequent instances in which parents arrive by public transit for a scheduled appointment only to be told that the clinician they were supposed to meet with was not available that day. These types of unhelpful responses to parents' needs suggest that there is room for improvement in some of the organizations that are funded to provide clinical services for welfare parents.</i>		
Page 6 Bullet 13	"Providing screening and advocacy to identify parents who may qualify for Supplemental Security Income...in this program"	All participants who meet the eligibility criteria for the Supplemental Security Income Assistance Program (SSIAP) are referred. Those who are denied are assisted in their appeals.
<i>ERT Response: We are encouraged to learn that SSI advocacy assistance is provided for CalWORKs parents. In several meetings with DPSS staff we were informed that these services were only provided for General Relief recipients.</i>		
Page 6 Bullet 16	"Reducing the number of financial sanctions issued by at least 28 percent so as not to exceed the sanction rates in the balance of the state."	Sanctions imposed by DPSS staff are consistent with regulatory requirements. A legislative change would be required to waive sanction provisions for noncompliant participants in order to mirror the Statewide average. The single overriding goal of GAIN is to facilitate positive outcomes and multiple safety steps are built into the process to allow for successful resolution of compliance issues. At both the policy and service delivery levels, great effort is invested in assisting participants achieve self-sufficiency, and cannot arbitrarily reach numerical targets.
<i>ERT Response: The evidence strongly suggests that DPSS uses sanctions aggressively, and that this reflects county-level administrative decisions rather than legal requirements. The county's comparatively high rate of sanctions may well be having the self-defeating effect of pushing people who need help off of welfare.</i>		
Page 6 Bullet 17	"Greatly increasing the use of social work skills as an alternative to sanctions...abuse problems."	DPSS does not use sanctions to assist parents who have these types of indicators. Once these problems are identified, clients are referred to professionals to assist them in overcoming these problems. Once referred, it is up to the participants to attend and complete such programs.

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
<i>ERT Response: We acknowledge that sanctioning of parents with clinical problems probably is not done by design, but even if it is unwitting it is still undesirable to respond punitively to parents with significant unmet social service needs.</i>		
Page 6 Bullet 18	"Strengthen the connection between DPSS and community organizations with a stake in the self-sufficiency of welfare parents by establishing a formal mechanism for community participation in planning and adopting welfare policies."	DPSS has a long-standing connection with community and advocate organizations and includes them in the a) performance incentive funding recommendation process, b) formal policy and procedure clearance process, c) multiple community outreach venues, and d) the Service Integration Action Plan.
<i>ERT Response: We commend DPSS for having built these relationships. The communities in which welfare parents live have the greatest stake in their economic progress, and we recommend that stakeholder organizations representing these communities have a stronger role in formulating welfare policies.</i>		
Page 6 Bullet 19	"Improve accountability andby obtaining Social Security numbers from all parents...obtain them."	The Department believes that the finding of 28% missing Social Security numbers may result from not examining all the data. CalWORKs participants are already required to have Social Security numbers, so when large gaps are observed, they must arise from data collection or other problems.
<i>ERT Response: Social Security numbers are missing from the records of 28 percent of the total population of CalWORKs participants (with a higher percent of missing numbers among parents who were not active in GAIN and a lower percent among those who were active in GAIN). DPSS provided two files that contain Social Security numbers: the GEARS Participant file and the LEADER Person file. Taken together, 28 percent of all unduplicated persons in these files did not have Social Security numbers.</i>		
Page 7 Paragraph 2	"People struggling against exclusion and economic misfortune to realize a larger vision of restoration and freedom have been named prisoners of hope."	This is highly subjective language that is inconsistent with the Department's experience, to the extent that participants on a regular and ongoing basis demonstrate their considerable abilities to achieve positive results and significant employment successes.
<i>ERT Response: We have used a phrase from the Old Testament, "Prisoners of Hope," for the title of this report. We believe that it describes the struggle of many parents to realize their still unfulfilled hope of lifting their families out of poverty. More than three-quarters of welfare parents who have entered the labor force are still in poverty. The hope of economic rebirth through welfare reform is still just a hope for them. We believe that the title speaks to their condition.</i>		

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
Page 8 Figure 2	Middle column arrow, "Incapacity? Fall Between the Cracks? Old Enough to Retire?"	The use of the phrase "fall between the cracks" is inaccurate. Participants may choose to stop receiving aid/or receive an exemption from participation.
<i>ERT Response: GEARS data does not account for all of the attrition of parents from Job Club. We have attempted to follow what happens to all parents who leave GAIN and in a significant number of cases do not find an explanation in the data.</i>		
Page 10 Paragraph 2	"The picture that begins to emerge is of a welfare-to-work program that has touched many lives, but more often through enforcement of employment requirements than through direct provision of services."	We disagree with this statement. The Department offers a wide variety of services including specialized supportive services (DV, MH, SA), education and training and post-employment services to assist participants overcome the barriers to employment, and become financially independent and self-sufficient.
<i>ERT Response: Only 222,785 of the 644,379 parents (35 percent) who participated in GAIN from 1998 through 2001 had as much as 1 meeting with GAIN staff. Over two-thirds of parents who were part of the county's welfare-to-work program did not receive any services, but were subject to all of the employment and reporting requirements of CalWORKs. It is accurate to say that their lives were touched by enforcement of regulations rather than services.</i>		
Page 15 Paragraph 2	"Working welfare parents are a major component of the regional economy, making up one-eighth of the county workforce."	It appears to be an overstatement that 12.5% of the County workforce is on welfare. The Los Angeles County labor force for April 2002 was roughly 4.7 million (Bureau of Labor Statistics), in comparison to between 30,000 and 40,000 GAIN participants that were employed in April 2002 (based on GEARS data). The larger number assumes that every participant who ever enrolled in GAIN over the past 5 years is still in the workforce. We do not believe the data supports this conclusion. In addition, in as much as Medi-Cal Only participants are ineligible to participate in GAIN, their inclusion exaggerates the influence that GAIN has on the regional economy.
<i>ERT Response: Our numbers are accurate. We used ES-202 data (showing wage and salary employment) to enumerate the number of current and former welfare parents who are working on any given day as well as total wage and salary employment. The total employment number cited in DPSS' comment is from CPS data and includes self-employed people and informal employment, producing a total employment number that is about 18% higher than the 4,102,100 wage and salary workers in Los Angeles County in 2001. The 420,000 to 560,000 welfare parents who are working on any given day include all parents who have gone through the county's welfare-to-work program.</i>		

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
	Depending on how we interpret the ES-202 employment data for welfare parents, they make up between 10 and 14 percent of the county's wage and salary workers. It is important to remember that even though many parents are no longer in the program, their skill levels and earnings (or lack thereof) represent the outcome produced by the DPSS' welfare-to-work program. The figures in our report do not include Medi-Cal Only participants.	
Page 17 Bullet 2	"Disabilities - 13 percent had indicators of permanent or temporary disabilities or were exempted from GAIN because... not care for him or her self."	Participants with disabilities are exempt from GAIN participation. It is unclear why participants with these indicators were included in the analysis.
	ERT Response: Most of these parents obtained only short-term exemptions from GAIN or a disability flag in their file for a limited amount of time. Never the less their long-term employment outcomes were very poor. It is useful to recognize them as a distinct group and also to break them out from the overall population so that we can see the outcomes of parents who do not have these vulnerabilities.	
Page 18 Paragraph 3	"The group we identified as having disability indicators includes parents with a flag in their GAIN records for either a temporary or permanent disability...one-third of the parents in this category."	Participants with disabilities are exempt from GAIN participation. It is unclear why participants with these indicators were included in the analysis.
	ERT Response: The paragraph that follows in the report explains why these parents are included in the analysis. "What we typically see in the records of these parents is a respite provided through the exemption, often lasting several months, during which these parents were expected to move past their difficulty so that they could enter the labor force." The bottom line is that the GAIN program did not view these parents as having lasting disabilities but their earnings data indicates that many of them do in fact have long-term barriers to employment that make them ill-suited for the work-first model, but these barriers were not recognized or addressed by DPSS.	
Page 20 Last Sentence	"It is our assessment that the pattern of service delivery for vulnerable parents...reveals the basic shortcoming of the work-first approach to helping welfare parents...to become self-sufficient.	We disagree with this statement. DPSS is committed to assisting participants overcome barriers and provides supportive services as necessary. DPSS has specialized supportive services staff located in each CalWORKs district office with extensive training on sensitivity issues and special needs services.
	ERT Response: Forty-one percent of parents appraised since CalWORKs began have had vulnerabilities that diminish their prospects for self-sufficiency. Unfortunately, the services they received reflect the work-first approach of emphasizing near-term employment and de-emphasizing long-term developmental processes.	

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
Page 21 Paragraph 1 Last Sentence	"A parent with multiple barriers was 34 percent more likely to be sanctioned...than to be educated."	DPSS line staff uses an assessment instrument created by social work professionals for the specific purpose of identifying the supportive services needs of participants. DPSS does not use sanctions to assist parents who have these types of indicators. Once these problems are identified, participants are referred to professionals that are best suited to assist them in overcoming these problems. Once referred, it is up to the participants to attend and complete such programs. Job Club is the next activity for all participants who are not in a Self-Initiated Program or receiving supportive services.
<i>ERT Response: DPSS' comment touches on two issues: (1) adequacy of screening to identify vulnerable parents, which was addressed earlier, and (2) responding to vulnerable parents with sanctions rather than social services. In response to the second point – the GAIN program treats most family dysfunctions as short-term episodes although the dysfunctions often have long-term impacts. Some of these sanctions may well have occurred prior or subsequent to being diagnosed with a barrier to employment, when a vulnerable parent was having difficulty maintaining GAIN compliance and was sanctioned.</i>		
Page 21 Paragraph 2	"Sixteen percent of all parents with GAIN appraisals had a disability related indicator. Twenty-two percent of these parents received education or training and 36 percent were sanctioned."	Participants with disabilities are exempt from participation in GAIN program.
<i>ERT Response: Most exemptions are for short periods of time, but most parents with disability related indicators appear to have long-term barriers to employment. We recommend that DPSS develop a clearer understanding of these parents' needs and provide appropriate assistance.</i>		
Page 22 Paragraph 2	"In our view this service delivery pattern reflects the work-first approach of emphasizing near-term employment and de-emphasizing long-term developmental processes."	We disagree with this statement. The overall program flow, with its multiple and diverse features is designed to maximize individualized service delivery. The Welfare-to-Work program offers many services including specialized supportive services, education/training services, and post-employment services to assist participants in obtaining a job which will lead them towards self-sufficiency. Los Angeles County encourages participants and provides them with opportunities to seek part-time employment in combination with an

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
		education/training program activity that will ultimately lead to a degree/certificate and/or full-time employment.
	<i>ERT Response: Since CalWORKs began in 1998, only 4 percent of welfare-to-work parents have been part of any type of GAIN education or training activity. We applaud DPSS' intent to provide parents "with opportunities to seek part-time employment in combination with an education/training program" but to date this opportunity has been provided for only one small group of parents.</i>	
Page 23 Paragraph 4	"Given the low earnings...it would appear that a significant number of these parents have permanent barriers to employment that would qualify them for the federally funded Supplemental Security Income Assistance Program (SSIAP). It would also appear that some of these parents may be entitled to protection under the Americans with Disabilities Act of 1990 (ADA)...by the ADA."	All participants who meet the eligibility criteria for SSIAP are referred. Those who are denied are assisted in their appeals.
	<i>ERT Response: Our impression from discussing this issue with DPSS staff is that most SSI advocacy is focused on General Relief recipients. We have been given to understand that very little of this is done for CalWORKs parents.</i>	
Page 24 Bullet 6	"The incidence of family dysfunctions among parents assigned to Job Club was about three times as high as that among the overall population of appraised parents."	All participants who attend an orientation/appraisal appointment, if not in a SIP, employed or qualified for exemption, are referred to Job Club. Note: participants with MH and DV may decline to be referred to supportive services and therefore be assigned to Job Club.
	<i>ERT Response: It may not be a GAIN program policy to send parents with family dysfunctions to Job Club, but regardless of why it occurs it is an observable outcome.</i>	
Page 24 Bullet 7	"Parents with family dysfunctions also show up more frequently in the vocational assessment and skill development components of GAIN. The poor earnings outcomes of these parents suggest that skill development alone is not sufficient for overcoming their barriers to employment."	Participants can receive treatment concurrent with these components and additional related GAIN activities.

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
<i>ERT Response: Again, this may not be a GAIN program policy, but it is an observable outcome.</i>		
Page 28 Last Sentence	"Single mothers who speak English have been twice as likely to receive training as parents with limited English ability (43 percent versus 21 percent) as shown in Figure 10."	Los Angeles County has made extensive efforts in promoting and supporting development of specialized Limited English Proficient (LEP) training classes. Studies indicate that LEP participants have substantially higher rates of employment which would make their participation in education/training voluntary. To dissuade participants from working is inconsistent with L.A. County's mission of promoting self-sufficiency.
<i>ERT Response:</i>	<i>Yes, many parents with limited English ability have a strong work ethic and find jobs, but they have earnings that are well below average and far short of the poverty threshold. This is a very good example of why education should be the first priority rather than the last resort for low-skilled parents.</i>	
Page 30 Paragraph 2 Last Sentence	"This shortfall in human capital investments...nearly one hundred thousand families who face bleak futures after time limits."	Los Angeles County is not biased against education and offers many opportunities for GAIN participants to enroll in education or training activities.
<i>ERT Response:</i>	<i>Given that since 1998, only 4 percent of welfare-to-work parents have participated in education or training programs and that these parents have gone on to achieve significantly higher earnings than their untrained counterparts, there is a clear need to increase the opportunities for education and training.</i>	
Page 30 Paragraph 3 Bullet 1	"Parents with limited English ability have been greatly under-represented among those receiving GAIN education or training...English speaking mothers."	Los Angeles County promotes and supports the development of specialized Limited English Proficient (LEP) training classes. Studies indicate that LEP participants have substantially higher rates of employment which would make their participation in education/training voluntary. To dissuade participants from working is inconsistent with L.A. County's mission of promoting self-sufficiency.
<i>ERT Response:</i>	<i>As we already noted, many parents with limited English ability have a strong work ethic and find jobs, but their earnings are well below the average for other welfare parents and far below the poverty threshold. This is a very good example of why education should be the first priority rather than the last resort for low-skilled parents.</i>	

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
Page 30 Paragraph 3 Bullet 4	"The low rate of problem-relevant service delivery for these parents whether they have disability indicators,...along with the expectation enforced by the GAIN program that they should move expeditiously to become steady job holders indicate that this problems are not recognized, understood, or effectively addressed."	We do not agree with this statement. L.A. GAIN exempts participants with disabilities from participation in GAIN and provides supportive services to participants with DV, SA and MH problems, as appropriate.
ERT Response:	<i>We are pointing out two needs: (1) to accurately and completely identify parents with these needs, and (2) to provide effective services in response to these needs. It is our assessment that there is considerable room for improvement in both of these areas.</i>	
Page 30 Paragraph 3 Bullet 5	"There is an extremely low rate of problem identification for parents with...and only 1 in 16 of the parents identified as having these problems were assigned to and completed a relevant service program."	DPSS line staff uses an assessment instrument created by social work professionals for the specific purpose of identifying the supportive services needs of participants. Once these problems are identified, participants are referred to professionals that are best suited to assist them in overcoming these problems. Once referred, it is up to the participants to attend and complete such programs.
ERT Response:	<i>The under-count of persons in need of supportive services is a different issue than having a process in place that is expected to identify these needs. The screening for domestic violence, mental health and substance abuse problems is part of the screening for welfare eligibility. This setting does not encourage disclosure of confidential information, even if there is a well-designed questionnaire that asks about these problems.</i>	
Pages 40 and 41 Paragraph Bullets 1 thru 6.	"Specific actions that could be expected to improve the future that awaits parents approaching time limits include:...these determinations."	We currently have systems in place that address these concerns and have already implemented these recommendations in Los Angeles County.
ERT Response:	<i>To the best of our knowledge the following four recommendations have not yet been implemented: #1 carefully screen long-term recipients for domestic violence, mental health, substance abuse, or disability-related problems; #3 facilitate utilization of appropriate clinical services by parents with these problems; #4 provide effective advocacy for parents who qualify for SSI benefits; #5 enroll parents with multiple barriers to employment in part-time training, part-time employment programs.</i>	

REFERENCE	AREA OF CONCERN	COMMENTS/RECOMMENDATIONS
Page 45 Bullet 1	"Parents with indicators for domestic violence, mental health or substance abuse problems were 131 percent more likely to have been assigned to Job Club."	When a GAIN case manager learns of a participant's need for domestic violence, mental health, or substance abuse problems, a referral is initiated accordingly.
ERT Response:	<i>We are describing an observable outcome, not GAIN policies. Job Club appears to be the first and primary response to parents who have problems getting a job, but it is not a sufficient response for parents beset by domestic violence, substance abuse or mental health problems.</i>	
Page 47 Bullet 1	"Fewer were receiving post-employment job retention services (1 versus 5 percent)."	Participation in post-employment services is voluntary. L.A. GAIN has special units for post-employment services which employ a thorough and enthusiastic approach to contacting participants to encourage them to participate in post-employment activities.
ERT Response:	<i>This is the outcome shown by state data. DPSS has only one-fifth the level of post-employment job retention services as the balance of the state.</i>	
Page 49 Paragraph 3	"One of the reasons why training activity did not keep pace with the growing pool of parents needing training was the declining share who were approved to undertake SIPs."	We do not agree with this statement. A SIP is easily approved if it meets approval criteria and is likely to lead to employment
ERT Response:	<i>The number of approvals granted in response to parents' requests for self-initiated training programs (SIP) dropped from 3,635 in 1998 to 991 in 2001. Clearly, this component of the GAIN program has shrunk when it should have grown.</i>	
Page 113 Paragraph 3	"In simple terms sanctions are punishment. They are intended to evoke a felt response...On the other hand, from the perspective of a welfare parent this may be experienced as cure by ordeal, a plan to punish families out of poverty."	Currently, GAIN case managers call participants to remind them of appointments. Prior to recommending financial sanctions, case managers attempt to contact participants in an effort to avoid adverse action. A financial sanction is only used as a last resort to prompt participants to participate and benefit from services offered by the GAIN Program. GAIN case managers make every effort to contact the participant to avoid sanctioning the participant.
ERT Response:	<i>The comment seems to be making the point that sanctions are based on due process. Our point is different – it is that sanctions are unpleasant for parents.</i>	

Page 114 Table 17	Arguments for 'Good Cause' Not to Sanction Parent	The purpose for including this table is unclear. Without further information, no evaluation of the appropriateness of the cause determinations can be made. For example, a participant in an approved SIP would have good cause; a participant who enrolled while she was assigned to Job Club would not.
ERT Response:	<i>We did not receive data that could be used to assess the fairness of cause determination decisions. We believe this table serves to illustrate the issues addressed by cause determinations and provides a sampling of decisions that were made by DPSS.</i>	
Page 116 Paragraph 1	"The rescinded sanctions appear to have filled the need for a tangible threat to persuade large numbers of parents to adhere to the regimen of program activities... for the onset of CalWORKs."	The DPSS focus is on facilitating positive outcomes. Sanctions are only imposed as a last resort for participants who do not comply with requirements.
ERT Response:	<i>Four findings emerged from our review of sanctions: 1) sanctions are applied frequently - 21 percent of parents who were appraised from 1998 through 2001 were sanctioned; 2) parents who are most likely to have difficulty managing the responsibilities of both work and parenthood are also most likely to be sanctioned - this includes younger parents with younger children and parents with less education; 3) parents who are sanctioned tend to be poorer and to make less earnings progress after engaging the labor market than parents who are not sanctioned; 4) DPSS has a 28 percent higher sanction rate than the balance of the state.</i>	
Page 118 Paragraph 4 Last Sentence	"State payroll tax records do not show any earnings for her from 1992 through 2001, indicating that she did not find work to support her family after welfare ended."	Many other conclusions could be drawn from this outcome; for example, this person may have moved to another state or Country.
ERT Response:	<i>The most likely explanation for having no earnings reported in California is that the parent was unemployed. It is true that there is also the much less likely possibility that the parent moved out of the state.</i>	
Page 122 Paragraph 2 Last Sentence	"This invites us to consider the possibility that a parent's competitive standing as she enters the labor market is more important for her movement toward self-sufficiency than whether or not she was shepherded into the labor market through the use of sanctions."	The GAIN program is structured to strengthen participants' competitive standing in the labor market through the use of constructive and positive program activities and not through the use of sanctions as a means to move them into the labor market.

ERT Response:	<i>The California Department of Social Services states that the purpose of sanctions is to move parents toward self-sufficiency. We were not able to find a corresponding explanation of the county's purpose for sanctions in the material provided by DPSS and have assumed that the state's rationale also applied to DPSS. Does DPSS have another purpose in sanctioning parents?</i>	
Page 185 Paragraph 3 Bullet 2	<i>"Disabilities - 13 percent had indicators of permanent or temporary disabilities or were exempted from GAIN because of incapacity or a responsibility to care for someone who could not care for him or her self."</i>	<i>As mentioned previously, the disability indicator should not be used for analysis.</i>
ERT Response:	<i>As pointed out above, it is very important to recognize that parents with disability indicators stand out as a group because of their poor employment outcomes. It is important to learn more about these parents. Why do they have such low earnings despite having been appraised by the GAIN program as being employable?</i>	
Page 193 Bullet 3	<i>"Identify the poorest-performing quartile of clinical service providers, as measured by quality of clinical services...more capable service providers."</i>	<i>The Department monitors and ensures that services are provided and quality is maintained.</i>
ERT Response:	<i>Only 20 percent of the parents referred to receive help for domestic violence, mental health or substance abuse problems complete the program to which they were referred. This is convincing evidence that many of these service providers are not doing an effective job of building trusting relationships with parents and providing assistance that they find helpful in their lives.</i>	
Page 193 Bullet 6	<i>"Provide exemptions for parents found to have any of these problems."</i>	<i>This recommendation would require legislative changes, as these are not currently allowed as exemptions from participation in Welfare to Work. Ensuring that participants enroll in and receive treatment could only be achieved if participation was mandatory and sanctionable for non-cooperation.</i>
ERT Response:	<i>We do not understand this comment. Previously DPSS has stated that parents with disabilities or domestic violence, mental health or substance abuse problems can receive exemptions. Furthermore, these are identified as grounds for exemptions in the state's enabling legislation.</i>	

Chapter 16

Appendix

ERRORS IN REPORTING INCOME

FIGURES

TABLES

ERRORS IN REPORTING INCOME

At the request of the Fifth District Office of the Los Angeles County Board of Supervisors the Economic Roundtable has included information produced in the course of this study related to errors by welfare parents in reporting income. Three types of errors were identified:

1. Instances when a parent used a Social Security number that was also used by other persons, i.e., "suspect earnings."
2. Instances when parents do not have Social Security numbers.
3. Instances when parents over-reported or under-reported their earnings to the Department of Public Social Services.

Information about each of these types of errors is provided below.

Social Security Numbers Used by More than One Person – Suspect Earnings

The Economic Roundtable uses individual earnings records obtained through the State of California's Covered Employment and Wages Program. The data, commonly referred to as "ES-202," is part of a cooperative program between California Employment Development Department and the federal Bureau of Labor Statistics (BLS). Aside from self-employed persons and those working in the informal economy, this data provides comprehensive employment and wage information for all workers covered by State Unemployment Insurance laws. This data allows us to analyze the earnings outcomes for CalWORKs parents who have been participants in the GAIN program, and to identify connections between those outcomes and participation in welfare-to-work program activities, demographic characteristics, and educational background.

Earnings records for the 792,823 welfare parents studied for this report were obtained for the ES-202 base wage files by matching records based on the parents' Social Security numbers. In a small number of instances it is apparent that multiple persons are using the same Social Security number. This is apparent because the number of employers reporting earnings for the person exceeds the number of jobs that one person could conceivably hold at one time. This has the effect of combining the earnings of more than one person and making the person using the Social Security number appear to have a higher income than she or he actually has. To avoid using these inaccurate earnings reports we apply filters to identify records

with “suspect earnings.” Some Social Security numbers, such as “111-11-1111” or “123-45-6789” are used by many people. Such numbers capture many workers earnings histories, especially in a state as populous as California. Thus it is extremely important when using the ES-202 employee data to filter it for Social Security numbers with anomalously high earnings or numbers of job positions held in a given quarter or over time.¹

We labeled Social Security numbers as being “suspect” if any one of the following criteria were met:

Filter 1: Records with 6 or more person-quarters of earnings (i.e., distinct Employer Account Numbers) in any single quarter from 1992 through 2001. Frequency: 10,627 suspect records.

Filter 2: Records with 80 or more total person-quarters of earnings (i.e., quarterly Employer Account Numbers) from 1992 through 2001. Frequency: 2,789 suspect records.

Filter 3: Records with \$25,000 or more in earnings in any quarter from 1992 through 2001. Frequency: 439 suspect records.

Filter 4: Records with \$500,000 or more in total earnings from 1992 through 2001. Frequency: 607 suspect records.

Some records met more than one of our filtering criteria. Altogether, 14,462 out of 792,823 individual earnings records (1.8%) were removed from some parts of our analysis due to being “suspect.” These records were analyzed when calculating employment rates in a given quarter or year. However, they were removed when we performed analyses that involved adding and averaging the earnings of CalWORKs parents.

Parents with No Valid Social Security Number

The computerized record system for GAIN keeps track of individuals by using several identification numbering schemes, including a DPSS case number and a statewide Medi-Cal client index number. The Social Security number is used to link a parent’s eligibility information to their employment history and earnings. However, no Social Security number is listed in the records of many parents. And in a limited number of other cases (see discussion above), an invalid Social Security number has been entered (such as 111-11-1111), or a number used by multiple persons.

The table below shows the frequency of valid Social Security as well as the frequency of missing or duplicate Social Security numbers that appear in the records of all parents sent to LA County GAIN by DPSS. This total population is then broken out (in the second and third columns) to show just those who completed at least one GAIN appraisal, and those whose first completed appraisal took place during the CalWORKs era, which began in 1998.

Social Security Numbers	<i>AFDC/TANF Population Group</i>		
	All Parents Sent to GAIN*	1st Appraised 1989-2001*	1st Appraised 1998-2001
Universe	1,090,141	539,370	234,698
Valid, Unduplicated SSNs	711,997	467,577	209,438
Number of Invalid SSNs	378,144	71,793	25,260
Percent Invalid SSNs	35%	13%	11%
0 (No SSN listed)	307,263	3,187	1,966
"111-11-1111" (invalid)	708	81	28
"123-45-6789" (invalid)	20	13	5
SSNs appearing in 5 GAIN records	84	25	-
SSNs appearing in 4 GAIN records	906	192	32
SSNs appearing in 3 GAIN records	9,584	4,689	1,029
SSNs appearing in 2 GAIN records	59,165	63,606	22,200

* There are other examples of invalid SSNs in these sets of GAIN records not shown.

Among GAIN records without valid Social Security numbers, 66 percent were situations where the Social Security number was missing. Twenty-eight percent of all of all parents sent to GAIN did not have Social Security numbers in the files that we reviewed. It should be noted that this problem occurs much less frequently among parents who were appraised by GAIN – only 1 percent of these parents did not have Social Security numbers in their records.

The next most frequent problem is Social Security numbers that are shared by just two parents, that is, numbers that appear twice in GAIN records. This situation accounts for 31 percent of all GAIN records without valid Social Security numbers. In some cases the occurrence of the same Social Security number in two different GAIN records is due to the conversion made by DPSS from an all-numeric ID numbering scheme (used from the late 1980s through the late 1990s) to the newer alpha-numeric system implemented under LEADER. In other instances there are two GAIN records that share the same Social Security number because two working parents in the same household are using the same Social Security number.

OVER-REPORTING AND UNDER-REPORTING OF EARNINGS

CalWORKs parents who receive aid are required to work if not otherwise attending a GAIN welfare-to-work activity, such as Job Club, or deferred or exempted. These working parents are required to report their earnings each month to their DPSS eligibility worker, usually via the Monthly Eligibility Report form (also known as the "CA-7").

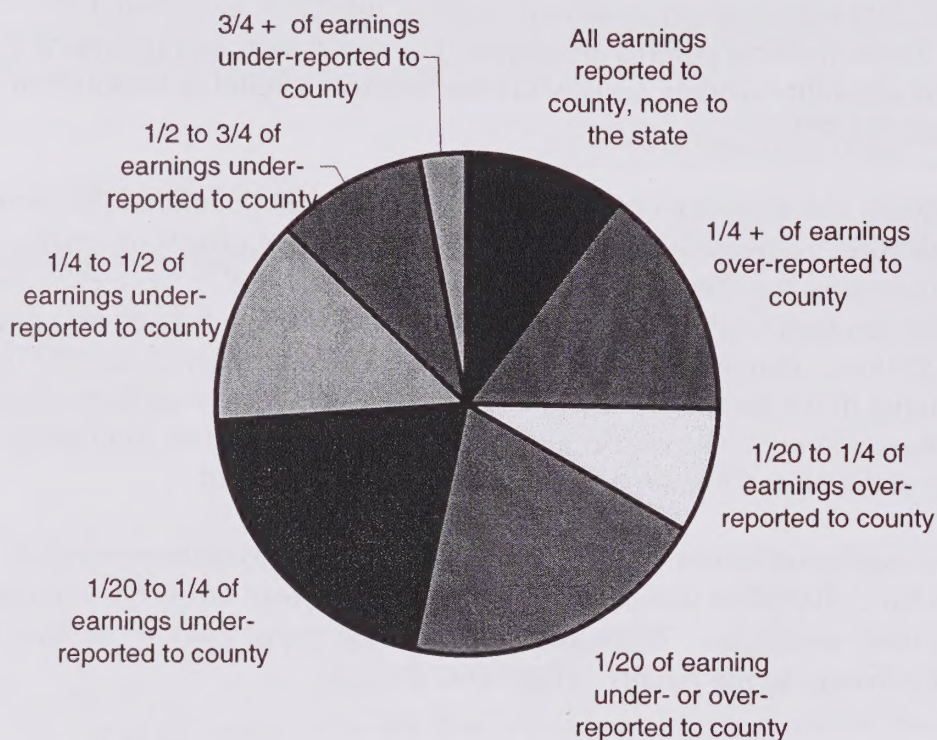
To review the accuracy of these earnings reports we compared the earnings of 8,930 CalWORKs parents who were employed throughout the third quarter of 2001.² The earnings that these parents reported directly to DPSS were examined alongside the earnings that the employers of these CalWORKs parents reported to the state of California for tax purposes. Thus, all non-self-employed CalWORKs parents working in the formal economy were likely to have their earnings reported to both of these sources. The results of this comparison are shown in numeric form in the Table at the end of this section and in the following Chart.

The data we examined shows that it appears to be difficult to capture earnings information for CalWORKs parents in a manner that corresponds with earnings reported by their employers. There are frequent instances of both under- and over-reporting of earnings to the county. Highlights include:

- 20 percent of parents reported earnings to the county that corresponded with the amount reported by their employers within a +/- 5 percent margin of error.
- 20 percent reported earnings to the county that were 5 to 25 percent **lower** than the amount reported by their employer. In many cases this represents the margin between the gross income reported by employers and net take-home pay that workers see in their paychecks.
- 8 percent reported earnings to the county that were 5 to 25 percent **higher** than the amount reported by their employer.
- 13 percent reported earnings to the county that were 26 to 50 percent **lower** than the amount reported by their employer.
- 15 percent reported earnings to the county that were 26 percent or more **higher** than the amount reported by their employer.

Under- and Over-reporting of Earned Income

Third quarter of 2001, All cases with only with only one wage earner and earnings reported to both DPSS and EDD in all months of the quarter



- 10 percent reported earnings to the county that were 51 to 75 percent **lower** than the amount reported by their employer.
- 3 percent reported earnings to the county that were 76 percent **lower** than the amount reported by their employer.
- 10 percent reported earnings to the county but their employers reported **none** to the state.

If we compare the number of parents that under-reported 26 percent or more of their earnings to the county with the number that over-reported by 26 percent or more we see that 25 percent **over**-reported and 26 percent **under**-reported one-quarter or more of their earnings.

Category	Parents	%	Average Difference in Reported Earnings
Earnings reported to LA-DPSS, none to the State	916	10.3	-\$1,524.95
-26% or more Over-reported Earnings to LA-DPSS	1,329	14.9	-\$958.73
-6 to -25% Over-reported Earnings to LA-DPSS	729	8.2	-\$244.91
5% to -5% of State Earnings not reported to LA-DPSS	1,795	20.1	-\$1.34
6%-25% of State Earnings not reported to LA-DPSS	1,825	20.4	\$375.44
26%-50% of State Earnings not reported to LA-DPSS	1,200	13.4	\$1,086.08
51%-75% of State Earnings not reported to LA-DPSS	862	9.7	\$2,583.86
76%+ of State Earnings not reported to LA-DPSS	274	3.1	\$4,736.23
Total	8,930	100 ³	

SUMMARY

This review of errors in how income is reported suggests the following two conclusions:

1. Protocols use by the Roundtable for filtering earnings records and identifying suspect earnings flagged only 1.8 percent of records as containing unreliable reports of earnings.
2. Data collection procedures at the county level could be strengthened by:
 - a. Obtaining valid Social Security numbers for all CalWORKs adults.
 - b. Developing a procedure for obtaining reports of earned income that corresponds more closely with earnings reported by employers.

END NOTES

¹ Numbers of jobs per person is tracked by the distinct "Employer Account Numbers" (EANs) that are assigned by the state to each employer. Thus, in a given quarter, a social security number can receive wages from one or several different employers.

² Parents included in this study had to have reported earnings to LA-DPSS all three months of the 3rd quarter of 2001. Additionally, all parents included were the sole earner of work income for their CalWORKs case.

³ Values do not add up exactly to 100 percent due to rounding errors.

Figure A-1

Quarterly Employment Rate of Welfare Parents Grouped by Year of Labor Force Engagement

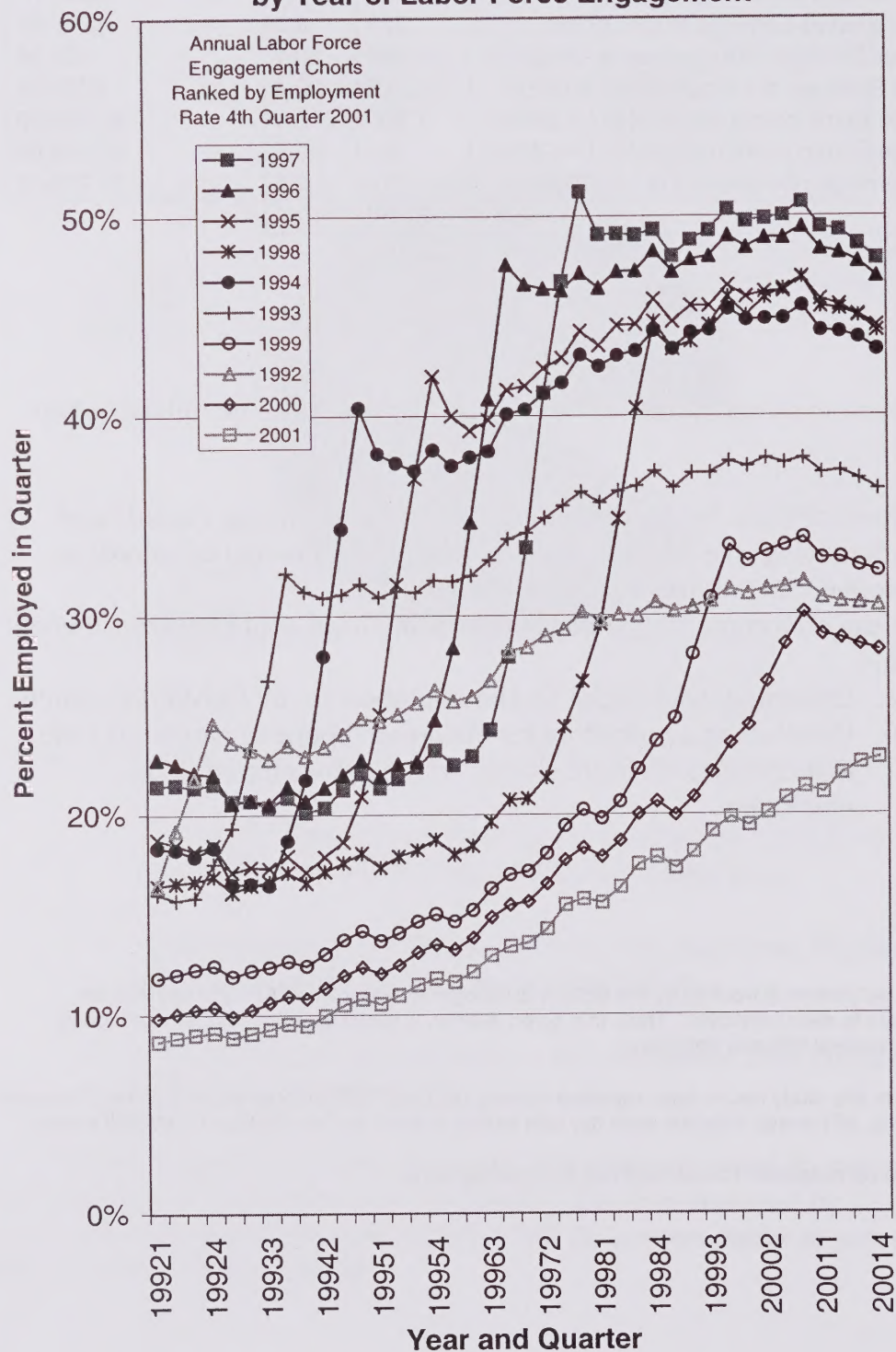


Table A-1

Odds Ratios for Parents with Family Dysfunction or Disability Indicators
Welfare Parents with First GAIN Appraisal from 1998 to 2001

Group	Family Dysfunction Indicator	Disability Flag	Exemption for Incapacity or Care Taking	Comparison Group
GENDER, FAMILY STATUS				
Female	2.21		1.25	Males
Single parent family	1.50	0.79	0.66	Two parent families
AGE JANUARY 1, 2001				
Less than 25 years old	0.75	0.13	0.08	Age 50+
25 - 29 years old	1.44	0.23	0.23	Age 50+
30-34 years old	1.58	0.31	0.30	Age 50+
35-39 years old	1.63	0.44	0.42	Age 50+
40-44 years old	1.51	0.60	0.53	Age 50+
44-49 years old	1.37	0.82	0.69	Age 50+
EDUCATION				
0 to 8 years of school	*0.93	2.50	2.38	13+ Years School
9 to 11 years of school	1.25	1.37	1.21	13+ Years School
12 years of school		1.20		13+ Years School
ENGLISH ABILITY AND PRIMARY LANGUAGE				
Limited English ability	2.07	2.30	2.79	Fluent in English
Armenian	0.86	2.20	2.57	English speakers
Asian or Pacific Islander	0.87	1.74	2.45	English speakers
Spanish	0.84	1.34	1.31	English speakers
ETHNICITY				
African American	0.84		0.58	European Americans
Asian or Pacific Islander	0.77	1.33	1.29	European Americans
Latino	0.90	0.90	0.67	European Americans
GAIN HISTORY				
2+ yrs. pre-GAIN welfare	2.57	2.17	2.88	All other parents
Assigned to CalLearn	0.50	0.29	0.14	All other parents
Assigned to Job Club	2.96	1.15	1.34	All other parents
1+ financial sanctions	0.87	0.86	1.15	All other parents
SKILL DEVELOPMENT OUTCOMES				
Referred for assessment	2.59	**1.07	1.16	All other parents
No show for remedial education	1.46	0.62	0.69	All other parents
Remedial education started, not finished	1.32	0.65	0.57	All other parents
Completed remedial education	1.40		1.01	All other parents
School enrollment	2.21	0.80	0.88	All other parents
Denied permission for SIP	2.02	0.67		All other parents
Approved for self-initiated program (SIP)	1.54	0.74	0.81	All other parents

All odds ratios in table have significance level (i.e., probability that the outcome is the result of random chance rather than a difference between the groups being compared) of 0.01 or less, unless noted as follows:

* = 0.02 to 0.05 significance ** = 0.06 to 0.10 significance

Table A-2

Average Annual Earnings by Year of Labor Force Engagement and Skill Development

Earnings in 2001 \$, School grade is the average of the highest grade shown in each parents appraisal file

Year	Skill Development Cohort	Count	1994	1995	1996	1997	1998	1999	2000	2001	Grade
1996	Family Dysfunction or Disability	3,874	1,498	1,397	2,461	3,311	3,589	3,879	4,332	4,822	10.4
	No Assessment or Educ. Referral	26,278	3,097	2,664	3,989	6,497	7,819	8,655	9,434	9,621	10.0
	Assessed but No Education Referral	1,454	2,388	1,925	3,614	6,229	7,310	8,339	9,313	9,594	10.2
	No Show-Remedial Education	651	1,060	945	2,201	3,666	4,637	5,506	6,076	6,728	10.3
	Started Remedial Education	3,116	603	798	1,911	3,407	4,615	5,412	6,420	7,226	10.1
	Completed Remedial Education	1,801	956	862	3,273	6,239	8,089	9,096	10,539	11,203	10.3
	Assessed and Enrolled in School	298	1,970	1,657	2,949	5,087	5,660	7,240	8,741	9,988	11.2
	No Assessment; Enrolled in School	1,558	2,148	1,982	3,599	6,465	8,662	10,672	12,345	13,743	11.7
	SIP Approved	2,313	1,879	1,615	4,299	8,306	10,661	12,247	13,738	14,713	11.6
1997	Family Dysfunction or Disability	6,701	1,372	1,306	1,344	2,800	3,733	3,858	4,316	4,706	10.3
	No Assessment or Educ. Referral	36,164	2,943	2,785	2,643	4,830	7,380	8,320	9,079	9,311	9.9
	Assessed but No Education Referral	2,204	2,348	2,213	2,008	4,293	7,212	7,981	8,777	9,297	10.2
	No Show-Remedial Education	699	803	936	1,149	3,142	4,831	5,593	6,438	6,597	10.4
	Started Remedial Education	2,970	724	872	1,099	2,791	4,408	5,216	6,113	6,715	10.4
	Completed Remedial Education	1,795	926	935	1,089	3,966	6,839	7,791	9,005	10,090	10.3
	No Assessment; Enrolled in School	2,192	2,548	2,227	1,999	4,983	8,524	9,884	11,950	13,141	11.7
	Assessed and Enrolled in School	467	1,495	1,470	1,547	3,483	5,701	6,797	8,206	9,439	11.5
	SIP Approved	2,416	1,911	1,840	1,688	4,955	8,880	10,621	12,334	13,327	11.7
1998	Family Dysfunction or Disability	9,034	1,757	1,646	1,427	1,377	2,813	3,991	4,370	4,701	10.0
	No Assessment or Educ. Referral	42,603	2,803	2,709	2,534	2,622	4,700	6,749	7,603	7,870	10.1
	Assessed but No Education Referral	2,761	2,681	2,426	2,173	2,034	4,579	7,693	8,950	9,327	10.3
	No Show-Remedial Education	1,064	766	1,002	906	1,327	2,857	4,301	5,350	5,812	10.5
	Started Remedial Education	4,168	780	811	921	1,262	2,930	4,313	5,137	5,758	10.4
	Completed Remedial Education	2,214	1,070	1,148	1,143	1,334	4,061	6,516	7,826	8,993	10.4
	Assessed and Enrolled in School	651	2,003	1,802	1,527	1,329	3,262	5,975	7,653	9,161	11.4
	No Assessment; Enrolled in School	2,628	2,465	2,391	2,252	2,289	5,093	8,570	10,436	11,357	11.6
	SIP Approved	2,989	1,898	1,877	1,755	1,796	5,404	9,464	11,347	12,417	11.8
1999	Family Dysfunction or Disability	11,647	2,098	1,953	1,760	1,700	1,776	3,139	4,345	4,551	10.4
	No Assessment or Educ. Referral	40,683	2,429	2,467	2,517	2,777	3,164	4,735	6,497	6,854	10.3
	Assessed but No Education Referral	3,200	3,039	3,090	3,245	3,481	3,701	5,835	8,317	8,864	10.5
	No Show-Remedial Education	1,307	1,054	1,131	1,363	1,455	1,950	3,283	4,708	5,384	10.7
	Started Remedial Education	4,715	732	888	1,010	1,288	1,820	3,274	4,804	5,391	10.5
	Completed Remedial Education	2,494	1,205	1,271	1,345	1,544	1,931	4,335	7,020	7,937	10.5
	Assessed and Enrolled in School	944	1,575	1,846	2,117	2,171	2,145	4,249	6,981	8,396	11.8
	No Assessment; Enrolled in School	2,737	2,236	2,335	2,375	2,707	2,922	5,628	9,138	10,194	11.8
	SIP Approved	2,546	2,043	2,135	2,081	2,169	2,651	6,182	10,090	11,483	11.8
2000	Family Dysfunction or Disability	14,951	1,803	1,762	1,716	1,784	1,853	1,861	3,072	4,006	10.3
	No Assessment or Educ. Referral	42,771	1,967	2,091	2,221	2,531	2,909	3,052	4,352	5,463	10.3
	Assessed but No Education Referral	3,760	2,220	2,227	2,465	2,817	3,062	3,109	4,628	6,368	10.4
	No Show-Remedial Education	1,164	1,075	1,329	1,489	1,568	1,895	1,918	3,550	4,368	10.7
	Started Remedial Education	5,209	692	722	816	1,065	1,397	1,570	2,945	4,099	10.6
	Completed Remedial Education	2,291	1,403	1,436	1,459	1,756	1,945	1,855	4,274	6,767	10.6
	Assessed and Enrolled in School	1,088	1,699	1,716	1,714	1,992	2,120	1,957	4,114	6,441	11.6
	No Assessment; Enrolled in School	2,892	1,960	2,220	2,375	2,764	2,934	2,879	5,457	7,821	11.8
	SIP Approved	1,992	1,853	1,936	2,012	2,235	2,545	2,768	5,776	8,840	12.0
2001	Family Dysfunction or Disability	17,680	1,958	1,981	2,080	2,211	2,355	2,240	2,016	2,462	10.6
	No Assessment or Educ. Referral	48,345	1,553	1,665	1,817	2,098	2,514	2,706	2,901	3,529	10.6
	Assessed but No Education Referral	3,605	2,258	2,390	2,541	2,887	3,212	3,253	2,868	3,349	10.9
	No Show-Remedial Education	890	1,027	1,108	1,328	1,580	1,805	1,824	1,856	2,383	11.0
	Started Remedial Education	4,940	402	451	535	743	1,012	1,142	1,348	2,237	10.6
	Completed Remedial Education	1,863	1,184	1,386	1,407	1,702	1,748	1,500	1,590	3,896	10.8
	Assessed and Enrolled in School	924	1,774	1,981	2,078	2,270	2,471	1,928	1,578	3,487	11.8
	No Assessment; Enrolled in School	3,195	1,676	1,765	1,975	2,380	2,755	2,756	2,548	3,961	11.7
	SIP Approved	1,537	1,529	1,603	1,715	2,248	2,473	2,538	2,340	4,583	11.9

Table A-3

Earnings Outcomes of Parents Engaging the Labor Force from 1989 through 1993 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

32,235 parents who engaged the labor force 1989-1993; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$7,412 for the entire 1989-1993 population.

Family Status	English Ability	Dependency History	Yrs. Age	GAIN Sch.	Education	Num-ber	Average Annual Earnings in 2001 Dollars											2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
Single Parent Family	Fluent English	<2 yrs. AFDC/ Unemployment	17-29	<12	No education	181	4,193	5,000	5,550	6,820	7,804	8,802	9,425	10,309	12,358	12,286	166%	
				Remedial ed.	87	3,142	2,497	3,785	4,813	5,961	7,264	8,413	9,811	10,222	11,414	154%		
			12 +	No education	239	4,561	5,062	7,055	8,104	9,739	11,103	13,463	14,302	15,165	15,296	206%		
				Remedial ed.	50	2,534	2,760	5,712	8,411	9,070	10,176	10,745	14,091	14,935	14,976	202%		
				SIP approved	69	3,672	4,050	6,305	8,543	10,698	13,022	14,526	15,022	17,411	19,585	264%		
			30-39	<12	No education	108	4,323	4,669	5,160	5,291	6,079	6,147	6,769	6,989	7,195	7,981	108%	
				Remedial ed.	61	2,858	3,775	4,976	5,158	5,735	6,530	7,764	8,319	9,049	8,497	115%		
				12 +	No education	250	5,656	6,230	7,456	7,454	7,338	8,172	9,203	9,625	10,640	11,149	150%	
			40-64	<12	No education	76	2,806	2,436	2,522	3,057	2,854	3,691	4,365	4,820	4,213	3,471	47%	
				Remedial ed.	31	2,847	3,157	4,457	3,059	3,841	4,286	4,790	5,234	4,921	5,011	68%		
				12 +	No education	114	4,302	4,165	5,156	5,541	5,841	5,729	6,794	7,533	8,312	7,230	98%	

Table A-3 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1989 through 1993 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

32,235 parents who engaged the labor force 1989-1993; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$7,412 for the entire 1989-1993 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index	
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
		2+ yrs. AFDC/ Unemployment	17-29	<12	No education	1,570	2,387	2,815	3,576	3,921	4,546	5,504	6,498	7,242	7,928	8,053	109%	
					Remedial ed.	1,050	1,572	2,296	3,347	4,020	4,893	5,897	6,947	7,647	8,457	8,926	120%	
					Vocational ed.	210	1,964	2,489	3,223	3,899	4,887	6,059	6,879	8,798	10,232	11,024	149%	
					SIP approved	383	2,229	3,247	4,677	5,946	6,068	7,927	8,943	9,922	10,898	11,721	158%	
			12 +		No education	1,360	4,061	4,938	6,185	6,592	7,294	8,708	9,843	10,949	11,935	12,416	168%	
					Remedial ed.	454	2,429	3,391	4,594	5,508	6,440	7,673	8,998	10,044	10,804	10,989	148%	
					Vocational ed.	165	3,612	4,881	6,045	7,533	8,608	10,810	12,393	14,479	15,735	16,783	226%	
					SIP approved	606	3,495	5,585	7,459	8,724	10,033	11,821	13,620	14,778	16,466	16,757	226%	
		30-39	<12	No education	1,931	2,422	2,722	3,001	3,312	3,725	4,256	4,706	5,122	5,546	5,738	77%		
				Remedial ed.	1,321	1,744	2,272	3,097	3,740	4,028	4,866	5,529	6,072	6,645	7,035	95%		
				Vocational ed.	62	3,038	3,281	4,457	4,519	5,505	6,285	7,361	7,619	7,759	8,736	118%		
				SIP approved	347	3,773	4,768	5,916	7,031	7,572	8,644	9,102	10,331	11,334	11,810	159%		
				12 +		No education	2,664	4,014	4,536	5,234	5,649	6,221	6,733	7,439	7,939	8,453	8,568	116%
						Remedial ed.	1,031	2,585	3,384	4,576	5,448	6,209	7,074	8,065	8,709	9,343	9,370	126%
						Vocational ed.	146	4,289	5,425	7,578	7,890	7,506	8,802	10,156	11,687	12,265	12,945	175%
						SIP approved	842	4,275	5,971	7,310	8,654	9,445	10,519	11,351	12,273	13,124	13,524	182%
		40-64	<12	No education	1,618	1,572	1,701	1,902	1,853	1,955	2,080	2,319	2,414	2,431	2,387	32%		
				Remedial ed.	686	1,462	1,925	2,358	2,423	2,653	3,025	3,418	3,718	3,818	3,668	49%		
				Vocational ed.	30	1,033	1,133	1,815	3,331	2,216	3,715	5,301	6,348	6,495	8,609	116%		
				SIP approved	134	1,918	3,002	3,237	3,903	4,610	5,276	5,560	6,032	6,380	6,977	94%		
				12 +		No education	1,560	2,777	3,092	3,613	3,881	4,224	4,537	4,956	5,182	5,193	5,028	68%
						Remedial ed.	486	1,997	2,422	3,079	3,715	3,989	4,373	4,714	5,116	5,957	6,096	82%
						Vocational ed.	36	3,320	4,788	4,649	4,327	5,036	6,166	5,964	6,313	7,803	7,550	102%
						SIP approved	304	3,316	4,276	5,326	6,318	6,928	7,751	9,165	9,738	10,393	10,430	141%

Table A-3 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1989 through 1993 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

32,235 parents who engaged the labor force 1989-1993; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$7,412 for the entire 1989-1993 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Limited English		<2 yrs. AFDC/ Unemployment	30-39	<12	No education	37	5,527	5,091	5,717	6,437	5,990	6,261	6,554	6,881	7,039	7,258	98%
					No education	85	3,509	3,475	3,994	3,926	4,248	4,579	5,857	6,372	6,137	4,888	66%
		2+ yrs. AFDC/ Unemployment	40-64	<12	No education	218	2,033	2,625	3,480	3,411	3,782	4,667	5,449	6,120	6,388	6,437	87%
					Remedial ed.	107	1,444	1,978	2,253	2,460	2,894	4,382	4,960	5,788	6,550	6,535	88%
					SIP approved	49	1,754	1,884	2,465	3,614	4,046	6,164	6,281	6,019	6,068	6,904	93%
					12 +	No education	94	2,880	3,690	4,886	5,441	6,403	7,120	8,059	8,664	9,389	9,315
						SIP approved	38	2,629	4,069	6,046	7,092	6,607	8,202	9,673	10,558	10,465	10,793
					30-39	<12	No education	570	2,013	2,443	2,843	3,033	3,357	4,152	4,834	5,458	5,636
							Remedial ed.	329	1,722	2,378	3,230	3,400	4,077	4,601	5,336	5,762	5,878
								SIP approved	60	3,243	3,555	3,898	4,354	4,818	5,469	6,418	6,867
		12 +		No education				185	1,918	2,612	3,627	3,898	4,105	5,080	5,638	6,760	7,444
							Remedial ed.	89	2,577	3,256	3,317	4,036	4,715	5,665	7,040	6,967	7,114
								SIP approved	54	2,829	4,631	6,904	9,200	9,680	10,185	13,433	15,684
				40-64	<12	No education		1,399	1,229	1,359	1,532	1,732	1,785	1,961	2,167	2,341	2,284
							Remedial ed.	630	1,383	1,766	2,217	2,556	2,498	2,709	2,797	2,910	3,002
								SIP approved	74	1,365	1,446	1,773	2,173	2,682	3,877	5,096	5,605
		12 +				No education		192	1,780	2,268	3,353	3,736	3,813	4,084	4,300	4,579	4,948
							Remedial ed.	95	1,662	2,588	3,522	3,526	4,142	3,803	4,565	4,771	5,417
								SIP approved	40	1,557	2,912	5,737	5,309	6,866	7,898	11,508	13,028

Table A-3 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1989 through 1993 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

32,235 parents who engaged the labor force 1989-1993; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$7,412 for the entire 1989-1993 population.

Family Status	English Ability	Dependency History	Yrs. Age	GAIN Sch.	Num-ber	Average Annual Earnings in 2001 Dollars											2001 Wage Index
Two Parent Family	Fluent English	<2 yrs. AFDC/ Unemployment	17-29	<12	No education	50	3,367	3,020	4,699	5,932	8,135	9,000	11,154	11,298	11,534	9,910	134%
				12 +	No education	64	6,411	6,731	9,459	10,685	12,108	12,318	15,175	15,852	16,112	16,648	225%
			30-39	<12	No education	35	4,973	3,644	5,510	6,417	6,644	7,476	9,341	11,411	11,375	11,336	153%
				12 +	No education	63	5,457	3,158	6,131	8,378	10,001	8,742	9,129	9,573	10,328	11,357	153%
			40-64	12 +	No education	41	6,628	5,476	7,683	7,375	7,881	9,448	10,107	9,590	9,150	7,737	104%
		2+ yrs. AFDC/ Unemployment	17-29	<12	No education	187	2,711	3,069	3,740	4,522	4,450	5,635	6,802	7,936	8,716	8,906	120%
					Remedial ed.	92	2,251	3,005	3,858	4,051	5,142	5,698	7,244	8,273	8,880	8,697	117%
			12 +	No education	154	2,971	3,152	5,012	6,082	6,447	7,653	9,124	10,531	11,414	10,714	145%	
					SIP approved	33	3,146	4,534	5,723	4,579	5,001	6,280	9,947	12,151	11,023	11,431	154%
			30-39	<12	No education	225	2,232	2,939	3,452	3,830	3,866	5,101	5,914	5,741	6,336	6,536	88%
					Remedial ed.	114	2,430	2,220	3,380	3,881	3,793	4,707	6,165	6,203	7,010	6,776	91%
		12 +		No education	305	3,066	3,515	4,170	5,365	5,695	6,277	6,682	7,595	8,359	8,567	116%	
					Remedial ed.	86	2,109	2,387	3,219	4,873	3,840	5,121	5,435	5,934	6,827	6,529	88%
				SIP approved	47	3,059	4,110	5,776	7,131	7,138	7,405	9,123	11,062	12,498	12,902	174%	
		40-64	<12	No education	315	838	1,095	1,552	1,797	2,190	2,322	2,359	2,153	2,607	2,439	33%	
					Remedial ed.	112	2,617	2,647	2,861	3,143	3,553	4,435	4,782	4,564	4,686	4,893	66%
			12 +	No education	316	3,070	3,450	4,535	5,049	5,045	5,259	5,122	5,878	6,053	6,163	83%	
					Remedial ed.	69	271	690	1,418	2,927	3,499	3,699	4,515	4,758	5,688	6,076	82%
				SIP approved	42	3,823	5,599	6,207	6,280	6,273	7,778	7,675	9,121	9,809	9,967	134%	

Table A-3 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1989 through 1993 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

32,235 parents who engaged the labor force 1989-1993; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$7,412 for the entire 1989-1993 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Limited English	Unemployment	<2 yrs. AFDC/Unemployment	30-39	<12	No education	35	2,926	2,401	2,851	3,342	4,018	4,434	5,873	7,359	7,634	6,068	82%
					40-64	<12	No education	40	3,487	3,081	3,878	4,280	3,505	4,097	5,297	5,206	4,492
			17-29	<12	No education	163	1,877	2,353	2,918	3,227	3,570	4,009	5,231	5,556	6,117	6,586	89%
					Remedial ed.	41	1,377	2,031	2,687	2,863	2,844	4,001	6,269	6,399	5,621	6,334	85%
			12 +	No education	37	5,037	4,401	5,209	5,183	4,706	5,919	8,081	9,186	9,855	9,563	129%	
					30-39	<12	No education	782	2,185	2,370	2,792	2,885	3,387	4,225	5,107	5,692	5,836
					Remedial ed.	186	2,007	2,681	3,022	3,412	3,752	5,272	5,796	7,032	7,104	7,114	96%
					SIP approved	43	867	1,812	1,680	1,885	2,510	3,777	4,134	6,400	6,800	6,393	86%
				12 +	No education	193	2,738	2,960	3,874	4,448	5,672	6,799	7,362	8,752	9,014	8,997	121%
					Remedial ed.	49	569	1,833	2,659	4,309	5,881	6,402	6,967	5,901	7,753	9,876	133%
			40-64	<12	No education	1,733	1,317	1,527	1,715	1,891	2,020	2,473	3,006	3,029	2,900	2,877	39%
					Remedial ed.	457	1,093	1,655	2,185	2,475	2,544	3,233	3,858	3,746	3,573	3,369	45%
					SIP approved	56	630	1,055	1,461	1,747	2,335	2,803	2,906	3,171	3,949	3,213	43%
			12 +	No education	318	1,589	2,198	2,380	2,767	2,715	3,390	4,230	4,924	4,818	4,607	62%	
					Remedial ed.	90	1,207	1,449	2,196	2,182	2,656	2,132	2,910	3,313	4,198	4,626	62%
					SIP approved	35	2,607	3,901	5,679	6,451	6,324	6,718	7,120	7,954	8,246	7,498	101%

Table A-4

Earnings Outcomes of Parents Engaging the Labor Force from 1994 through 1995 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

42,104 parents who engaged the labor force 1994-1995; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,949 for the entire 1994-1995 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Single Parent Family	Fluent English	<2 yrs. AFDC/Unemployment	17-29	<12	No education	343	2,608	2,508	3,384	4,626	6,169	7,886	9,560	10,268	10,923	11,563	116%
					Remedial ed.	171	2,334	1,261	1,877	4,178	6,158	7,702	8,162	9,568	10,632	11,238	113%
					Vocational ed.	36	3,880	3,644	4,245	5,262	8,154	11,695	13,909	13,144	12,478	13,914	140%
					SIP approved	85	3,172	2,186	2,413	5,856	8,266	10,290	11,602	12,958	14,178	14,393	145%
			12 +	No education	576	4,200	3,485	3,824	6,735	9,174	11,085	13,303	14,405	15,052	15,717	158%	
				Remedial ed.	74	2,432	2,326	3,125	7,474	8,315	10,485	12,631	14,192	16,831	17,226	173%	
				Vocational ed.	91	4,518	3,685	4,658	6,716	9,474	11,872	14,126	17,400	18,978	18,578	187%	
				SIP approved	179	4,573	2,945	4,363	7,875	10,691	13,613	16,400	17,488	19,452	20,036	201%	
			30-39	<12	No education	172	8,168	6,109	4,994	5,205	7,725	8,508	9,216	10,178	11,216	11,399	115%
					Remedial ed.	39	4,328	3,177	3,143	5,968	7,973	8,456	9,778	12,231	13,490	13,718	138%
				12 +	No education	446	9,086	6,515	5,663	6,888	9,831	11,129	12,565	13,197	14,041	14,264	143%
					Remedial ed.	64	6,515	3,623	3,959	7,856	9,532	10,434	12,875	14,847	15,800	16,500	166%
					SIP approved	71	10,493	5,851	5,417	9,353	12,386	14,792	17,563	18,776	18,448	18,964	191%
40-64	<12	No education	117	6,385	4,348	3,847	5,625	7,033	7,952	8,543	8,671	8,734	9,128	92%			
		12 +	No education	291	11,333	7,461	4,729	6,145	8,614	9,646	9,626	10,119	9,916	9,254	93%		
		Remedial ed.	39	10,011	2,378	2,174	6,037	7,588	8,848	9,423	11,432	11,603	12,022	121%			
		SIP approved	30	5,782	2,612	2,252	5,337	8,335	11,860	11,226	14,926	18,390	20,420	205%			

Table A-4 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1994 through 1995 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

42,104 parents who engaged the labor force 1994-1995; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,949 for the entire 1994-1995 population.

Family Status	English Ability	Dependency History	Yrs. Age	GAIN Education	Number	Average Annual Earnings in 2001 Dollars											2001 Wage Index
						1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
		2+ yrs. AFDC/ Unemployment	17-29	<12	No education	2,753	818	755	1,602	3,030	4,114	5,010	6,259	7,206	8,062	8,513	86%
					Remedial ed.	2,078	618	484	1,420	3,335	4,479	5,591	7,006	8,165	9,339	9,983	100%
					Vocational ed.	482	751	958	1,591	3,017	4,171	5,619	7,106	8,200	10,011	11,098	112%
					SIP approved	925	728	647	1,906	3,881	5,212	6,634	8,022	9,528	11,049	11,660	117%
				12 +	No education	2,540	1,383	1,310	2,790	5,032	6,783	8,308	10,070	11,218	12,317	13,154	132%
					Remedial ed.	712	579	498	2,209	4,582	6,372	7,929	9,756	10,965	12,376	13,110	132%
					Vocational ed.	535	1,354	1,168	2,629	5,336	7,124	8,908	10,879	12,636	14,821	16,550	166%
					SIP approved	1,308	1,258	1,114	2,636	5,922	8,266	10,163	12,366	13,873	15,451	17,096	172%
			30-39	<12	No education	2,020	1,380	1,047	1,586	3,021	4,145	4,908	5,870	6,329	7,133	7,366	74%
					Remedial ed.	1,095	608	521	1,402	3,495	4,835	5,927	7,153	8,009	9,282	9,774	98%
					Vocational ed.	146	1,823	744	1,645	3,182	4,036	5,710	7,512	8,615	9,929	10,036	101%
					SIP approved	350	973	615	2,062	4,282	5,829	7,583	9,538	10,431	10,860	11,621	117%
				12 +	No education	2,774	2,071	1,613	2,442	4,365	5,902	7,129	8,669	9,573	10,351	10,359	104%
					Remedial ed.	796	757	636	2,075	4,617	6,535	8,232	9,719	10,623	11,436	11,871	119%
					Vocational ed.	290	2,192	1,518	2,350	4,831	5,965	7,507	9,713	11,449	12,790	13,520	136%
					SIP approved	732	1,453	1,189	2,752	6,581	9,412	11,201	13,413	15,071	16,758	17,866	180%
			40-64	<12	No education	1,141	1,340	1,061	1,128	1,981	2,779	3,450	3,877	4,006	4,235	4,251	43%
					Remedial ed.	436	645	609	1,204	3,045	4,026	4,314	5,097	5,675	6,262	6,363	64%
					Vocational ed.	33	619	26	873	2,174	3,363	3,799	5,223	4,516	5,614	6,913	69%
					SIP approved	90	683	476	1,567	3,364	4,680	4,870	6,121	6,534	7,768	8,544	86%
				12 +	No education	1,473	2,512	1,723	1,933	3,557	4,692	5,614	6,404	6,707	7,292	7,475	75%
					Remedial ed.	375	1,002	692	1,633	3,977	5,359	6,415	7,223	8,088	8,663	8,336	84%
					Vocational ed.	78	3,591	2,727	2,510	3,540	4,972	6,776	7,697	8,662	10,965	11,169	112%
					SIP approved	270	2,014	1,187	1,943	4,979	7,332	9,350	10,595	11,551	12,603	12,970	130%

Table A-4 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1994 through 1995 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

42,104 parents who engaged the labor force 1994-1995; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,949 for the entire 1994-1995 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Limited English		<2 yrs. AFDC/Unemployment	30-39	<12	No education	68	5,544	4,065	3,190	3,785	5,609	6,603	8,348	9,005	8,868	8,026	81%
			40-64	<12	No education	89	4,756	3,962	3,191	2,778	3,889	4,826	4,766	4,721	5,552	5,005	50%
		2+ yrs. AFDC/Unemployment	17-29	<12	No education	317	674	599	912	2,073	3,013	4,217	5,339	5,983	6,807	6,717	68%
					Remedial ed.	159	443	546	1,024	1,953	2,978	3,876	5,134	6,035	6,515	6,902	69%
		Vocational ed.			48	349	356	963	2,011	3,127	4,932	5,410	5,499	5,413	7,083	71%	
		SIP approved			55	540	476	1,079	2,194	3,219	4,119	4,840	6,024	8,040	9,058	91%	
		12 +			No education	142	1,054	1,214	2,544	4,988	6,302	7,473	8,977	9,282	10,526	10,485	105%
					Remedial ed.	42	929	121	1,872	4,680	6,085	6,641	8,251	9,319	10,879	10,513	106%
					SIP approved	66	1,169	826	2,067	6,175	7,570	9,362	10,975	12,267	13,707	14,120	142%
		30-39	<12	No education	1,089	1,024	769	962	2,166	3,009	3,957	4,851	5,608	6,067	6,143	62%	
				Remedial ed.	343	672	719	1,321	2,729	3,613	4,337	5,186	6,182	6,917	7,316	74%	
				Vocational ed.	56	624	566	875	2,400	3,305	4,215	5,751	5,949	6,483	7,020	71%	
				SIP approved	81	1,820	1,415	1,335	2,995	4,425	5,219	6,644	7,668	9,049	9,041	91%	
		12 +		No education	221	1,584	1,212	1,703	3,223	4,275	5,576	7,188	8,182	9,277	9,331	94%	
				Remedial ed.	76	1,611	946	1,927	3,220	3,814	5,070	6,527	6,921	8,449	8,104	81%	
				SIP approved	43	1,194	1,725	2,557	8,713	10,936	13,585	15,772	16,306	16,057	19,446	195%	
		40-64	<12	No education	1,326	1,106	751	982	1,763	2,471	3,140	3,686	4,132	4,325	4,263	43%	
				Remedial ed.	451	644	411	1,040	2,643	3,599	4,464	5,198	5,985	6,625	6,234	63%	
				Vocational ed.	37	527	402	560	2,792	2,965	3,881	4,941	5,137	4,724	4,108	41%	
				SIP approved	81	388	244	605	2,665	3,438	4,185	5,709	6,552	7,792	8,201	82%	
		12 +		No education	203	1,635	1,146	1,070	2,193	3,502	4,146	4,963	5,853	6,489	5,756	58%	
				Remedial ed.	48	1,008	807	1,569	4,178	5,574	6,136	7,144	7,292	8,212	8,332	84%	
				SIP approved	36	850	797	2,318	4,836	4,668	5,503	6,638	6,676	7,128	8,292	83%	

Table A-4 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1994 through 1995 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

42,104 parents who engaged the labor force 1994-1995; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,949 for the entire 1994-1995 population.

Family Status	English Ability	Dependency History	Yrs. Age	GAIN Sch.	Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index	
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
Two Parent Family	Fluent	<2 yrs. AFDC/	17-29	<12	No education	197	5,317	4,619	3,523	5,744	7,960	9,521	10,975	12,324	13,117	11,989	121%	
	English	Unemployment			Remedial ed.	59	5,622	2,398	3,983	6,629	9,252	9,790	12,385	14,145	14,969	16,590	167%	
				12 +	No education	227	7,303	5,854	5,433	6,441	9,351	11,155	12,833	13,726	13,531	14,112	142%	
			30-39	<12	No education	115	9,207	6,537	5,355	6,878	8,544	10,159	12,299	12,661	12,243	12,341	124%	
				12 +	No education	182	11,752	7,282	5,384	6,691	8,985	11,326	12,440	12,639	13,383	12,762	128%	
			40-64	<12	No education	76	14,261	6,777	4,669	6,889	8,762	10,795	11,693	12,132	12,394	13,028	131%	
				12 +	No education	142	13,552	8,543	5,871	6,843	8,650	10,848	13,349	13,064	13,353	13,887	140%	
		2+ yrs. AFDC/	17-29	<12	No education	533	2,286	1,837	2,196	3,838	5,282	6,619	8,003	8,895	10,128	10,087	101%	
		Unemployment			Remedial ed.	217	865	618	1,461	3,060	4,208	6,072	7,511	9,203	10,392	11,186	112%	
					Vocational ed.	38	1,415	2,076	2,721	3,956	5,699	6,930	8,481	9,701	10,487	9,669	97%	
					SIP approved	79	1,522	1,111	1,787	3,630	6,069	7,953	8,576	10,114	12,253	13,303	134%	
				12 +	No education	413	3,118	2,557	2,476	4,354	6,232	7,389	9,262	9,767	11,407	11,485	115%	
					Remedial ed.	62	1,450	1,616	3,553	5,563	7,535	7,464	8,525	9,556	10,217	12,348	124%	
					Vocational ed.	44	2,773	2,273	2,077	2,487	3,576	5,059	8,017	10,785	14,940	16,618	167%	
					SIP approved	73	1,647	928	3,066	5,585	8,908	10,495	13,002	16,082	18,047	18,431	185%	
				30-39	<12	No education	477	3,152	2,113	1,952	3,284	4,142	5,707	7,377	8,038	9,010	8,920	90%
					Remedial ed.	123	2,739	1,430	1,349	3,237	3,992	5,451	7,122	8,703	10,087	10,328	104%	
					SIP approved	38	2,369	1,093	2,125	5,447	7,377	8,769	10,720	11,572	13,098	12,675	127%	
				12 +	No education	550	3,509	2,160	2,295	4,151	5,893	7,132	8,954	9,920	10,836	11,407	115%	
					Remedial ed.	87	2,290	1,117	1,862	4,302	7,719	9,631	10,808	12,145	13,403	13,235	133%	
					Vocational ed.	39	3,405	2,205	1,678	3,359	7,020	10,212	13,175	15,098	16,780	14,034	141%	
					SIP approved	94	3,066	693	1,932	5,065	6,163	8,696	10,666	13,064	14,590	14,354	144%	
				40-64	<12	No education	361	2,451	1,314	1,286	2,136	2,984	4,037	4,566	4,700	5,388	5,006	50%
				Remedial ed.	87	2,346	1,209	1,499	3,171	3,161	3,546	4,538	5,392	5,634	5,904	59%		
				12 +	No education	459	3,517	1,878	2,281	3,901	4,993	6,418	7,778	7,978	8,436	8,346	84%	
				Remedial ed.	66	1,555	816	2,730	6,057	7,717	8,821	9,992	10,396	10,606	9,902	100%		
				SIP approved	39	2,931	1,100	977	3,725	7,018	8,429	11,226	12,352	12,765	11,949	120%		

Table A-4 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1994 through 1995 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

42,104 parents who engaged the labor force 1994-1995; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,949 for the entire 1994-1995 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Limited English	Unemployment	<2 yrs. AFDC/	17-29	<12	No education	35	4,484	3,508	3,769	4,742	4,419	6,185	8,274	10,156	9,990	9,600	96%
			30-39	<12	No education	92	6,209	4,670	3,651	3,927	5,791	7,186	8,816	9,589	10,405	10,345	104%
			40-64	<12	No education	121	8,033	6,162	4,978	4,940	7,516	8,357	9,499	9,914	10,480	9,147	92%
					Remedial ed.	33	5,045	982	3,846	6,288	7,392	9,720	11,631	10,983	9,591	9,763	98%
	Unemployment	2+ yrs. AFDC/	17-29	<12	No education	243	1,491	1,361	1,601	2,720	3,150	4,014	5,164	6,088	6,958	7,175	72%
					Remedial ed.	50	977	566	1,323	3,626	5,009	6,519	6,826	9,018	8,932	9,584	96%
			12 +	No education	66	1,760	897	1,507	2,110	3,550	4,885	6,679	7,669	8,212	10,295	103%	
		30-39	<12	No education	1,203	1,663	976	1,091	2,404	3,469	4,240	5,446	6,199	6,539	6,549	66%	
				Remedial ed.	190	1,026	481	909	3,565	4,846	6,140	7,828	8,572	9,587	9,422	95%	
				Vocational ed.	41	1,294	632	660	2,590	3,279	4,302	6,238	8,900	10,995	11,132	112%	
				SIP approved	47	395	75	1,460	4,448	5,315	6,566	8,112	8,500	9,901	10,859	109%	
		12 +		No education	328	724	595	762	2,189	3,142	4,328	5,418	6,608	7,639	8,209	83%	
				SIP approved	30	347	289	2,483	6,929	9,161	10,031	12,126	12,469	14,265	16,137	162%	
		40-64	<12	No education	1,667	1,768	1,042	1,131	2,160	3,104	4,150	5,054	5,256	5,501	5,288	53%	
				Remedial ed.	354	859	228	1,082	3,200	4,296	5,343	6,295	6,715	6,724	6,631	67%	
				Vocational ed.	38	499	280	1,201	2,431	3,348	4,672	4,905	5,991	6,581	4,850	49%	
				SIP approved	42	1,514	775	1,333	3,440	3,657	5,137	6,401	6,695	8,449	8,448	85%	
		12 +		No education	359	1,080	679	805	2,039	2,903	4,039	5,069	5,721	6,559	6,993	70%	
				Remedial ed.	55	1,577	395	456	1,953	2,626	3,654	5,547	6,879	7,757	6,802	68%	
				SIP approved	34	194	0	3,156	7,446	8,522	8,671	11,513	13,671	16,359	16,651	167%	

Table A-5

Earnings Outcomes of Parents Engaging the Labor Force from 1996 through 1997 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

53,920 parents who engaged the labor force 1996-1997; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,743 for the entire 1996-1997 population.

Family Status	English Ability	Dependency History	Yrs. Age	Yrs. Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Single	Fluent	<2 yrs. AFDC/	17-29	<12	No education	523	2,588	2,879	3,361	3,593	3,675	5,927	8,389	8,893	10,058	10,566	108%
Parent Family	English	Unemployment		Remedial ed.	123	1,617	1,686	1,515	1,163	2,516	5,654	8,320	9,572	9,875	10,689	110%	
				Vocational ed.	70	2,747	2,618	3,621	3,852	3,696	6,240	10,004	11,741	13,057	14,015	144%	
				SIP approved	63	3,579	3,705	4,090	3,077	3,857	7,579	11,006	12,525	15,356	15,276	157%	
			12 +	No education	837	3,837	4,033	4,746	4,870	5,014	8,194	11,080	12,592	14,074	14,538	149%	
			Remedial ed.	106	1,203	1,392	1,669	1,914	2,891	6,174	9,576	11,526	14,126	14,991	154%		
			Vocational ed.	206	3,296	3,888	3,842	4,008	4,349	7,797	11,317	12,947	14,375	16,460	169%		
			SIP approved	201	3,219	3,685	3,910	3,478	4,551	8,202	12,392	14,754	16,356	17,261	177%		
			30-39	<12	No education	322	7,188	6,736	6,252	4,799	4,261	7,300	9,471	9,816	10,400	10,240	105%
			12 +	No education	834	10,511	10,330	9,734	7,884	6,471	8,941	11,969	12,907	13,714	13,871	142%	
			Remedial ed.	37	8,299	6,097	4,408	4,116	5,256	6,293	10,669	11,018	13,328	16,618	171%		
			Vocational ed.	90	11,982	10,474	11,930	9,098	6,096	9,860	12,993	15,048	18,789	19,862	204%		
			SIP approved	74	10,544	9,990	10,039	6,429	5,204	10,612	16,783	18,288	18,238	18,712	192%		
			40-64	<12	No education	143	8,959	7,832	7,646	5,553	3,271	6,138	8,243	8,914	9,485	9,417	97%
12 +	No education	425	12,724	11,259	10,625	7,191	5,200	8,340	11,617	12,512	12,730	12,393	127%				
Vocational ed.	32	13,258	12,966	10,145	9,286	4,236	8,439	11,120	11,099	12,189	12,898	132%					
SIP approved	35	10,876	9,129	6,199	4,937	4,505	9,997	14,168	15,089	15,769	15,849	163%					

Table A-5 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1996 through 1997 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

53,920 parents who engaged the labor force 1996-1997; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,743 for the entire 1996-1997 population.

Family Status	English Ability	Dependency History	Yrs. Age	Yrs. Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index	
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
		2+ yrs. AFDC/ Unemployment	17-29	<12	No education	3,324	1,231	958	1,001	1,107	1,965	4,201	5,872	6,722	7,543	7,943	82%	
					Remedial ed.	1,506	488	375	477	726	1,832	4,128	5,774	6,638	7,851	8,701	89%	
					Vocational ed.	796	860	704	816	969	1,788	4,162	6,100	7,605	8,937	9,958	102%	
					SIP approved	913	815	768	1,058	1,184	2,452	5,249	7,813	9,282	10,882	11,732	120%	
			12 +		No education	3,093	2,325	1,903	1,783	1,858	3,003	6,000	8,743	10,188	11,622	12,231	126%	
					Remedial ed.	637	904	679	871	1,076	2,281	5,243	7,496	8,963	10,463	11,833	121%	
					Vocational ed.	894	2,067	1,833	1,736	1,822	2,917	6,130	9,052	10,760	13,043	14,637	150%	
					SIP approved	1,178	1,852	1,584	1,538	1,605	3,236	7,107	10,273	12,424	14,379	15,755	162%	
		30-39	<12		No education	2,779	2,156	1,842	1,550	1,402	2,125	4,351	6,250	7,041	7,706	8,131	83%	
					Remedial ed.	748	1,225	974	854	854	2,386	4,916	6,491	7,434	8,436	8,933	92%	
					Vocational ed.	245	2,249	1,918	1,994	1,635	2,469	4,533	7,021	7,955	9,238	10,121	104%	
					SIP approved	321	1,777	1,595	1,066	1,153	2,075	5,223	8,397	9,255	10,305	11,034	113%	
			12 +		No education	3,360	3,916	2,954	2,406	2,134	3,047	6,110	8,445	9,575	10,748	11,122	114%	
					Remedial ed.	515	2,085	1,573	1,336	1,283	2,664	5,900	8,767	9,701	11,009	12,560	129%	
					Vocational ed.	535	4,067	2,809	2,476	1,896	2,807	6,258	9,591	11,102	13,513	14,749	151%	
					SIP approved	638	3,216	2,146	1,984	1,972	3,397	7,919	11,502	13,571	15,531	16,658	171%	
		40-64	<12		No education	1,193	2,298	1,686	1,286	1,077	1,492	3,033	4,279	4,659	4,986	5,333	55%	
					Remedial ed.	246	1,897	1,370	1,285	1,034	1,802	3,852	5,609	6,177	6,757	6,839	70%	
					Vocational ed.	63	3,918	2,986	2,290	1,717	2,111	4,088	6,596	7,364	8,034	9,416	97%	
					SIP approved	82	1,826	1,338	1,496	589	2,087	5,991	8,404	9,029	9,781	10,477	108%	
			12 +		No education	1,658	4,980	3,792	2,791	1,956	2,456	5,408	7,529	8,284	9,064	9,309	96%	
					Remedial ed.	238	2,784	2,257	1,797	1,495	2,294	5,036	7,090	7,993	9,854	11,256	116%	
					Vocational ed.	159	4,536	3,456	2,154	1,773	2,662	5,578	8,911	9,675	11,934	13,751	141%	
					SIP approved	188	3,035	2,497	1,921	1,170	2,905	6,806	9,849	11,525	13,713	13,417	138%	

Table A-5 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1996 through 1997 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

53,920 parents who engaged the labor force 1996-1997; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,743 for the entire 1996-1997 population.

Family Status	English Ability	Dependency History	Yrs. Age	Yrs. Sch.	GAIN Education	Number	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Limited English		<2 yrs. AFDC/ Unemployment	17-29	<12	No education	57	3,634	3,962	4,470	4,999	3,734	5,336	7,733	8,244	8,710	7,701	79%
				<12	No education	170	5,423	5,637	5,573	4,491	4,062	5,988	6,964	8,008	8,296	8,614	88%
			30-39	12 +	No education	46	6,935	5,416	4,469	5,058	4,944	7,183	9,768	10,582	10,175	12,871	132%
				<12	No education	179	5,855	5,587	4,984	4,140	3,764	5,278	7,130	7,711	7,511	7,377	76%
2+ yrs. AFDC/ Unemployment			17-29	<12	No education	620	1,298	1,086	1,044	777	1,918	4,140	5,722	6,102	7,025	7,196	74%
					Remedial ed.	145	443	402	487	385	1,183	3,462	4,689	4,969	5,844	6,137	63%
					Vocational ed.	53	1,078	692	954	924	1,842	3,465	5,803	6,440	7,622	7,161	74%
					SIP approved	82	756	470	599	907	1,474	3,578	4,863	6,173	6,562	8,005	82%
			30-39	12 +	No education	172	1,937	1,798	1,584	1,404	2,476	5,649	6,942	8,338	9,765	9,554	98%
					Remedial ed.	31	1,253	1,233	435	655	2,076	6,002	6,583	7,253	9,313	8,574	88%
					SIP approved	37	611	589	611	465	2,296	7,360	11,126	12,411	13,570	16,615	171%
				<12	No education	2,159	2,062	1,572	1,365	1,354	1,942	4,184	5,875	6,386	6,887	6,935	71%
					Remedial ed.	348	934	868	853	743	1,872	4,347	5,821	6,188	6,781	7,241	74%
					Vocational ed.	130	1,821	1,667	1,666	1,584	2,196	4,630	6,590	7,522	8,302	8,042	83%
					SIP approved	109	2,310	1,551	1,180	1,078	1,789	5,089	7,381	8,013	9,157	10,223	105%
			40-64	12 +	No education	376	3,150	2,442	1,953	1,496	2,762	5,379	6,988	7,922	8,414	8,713	89%
					Remedial ed.	54	965	939	1,230	1,007	1,558	3,941	6,334	7,613	9,260	8,602	88%
					Vocational ed.	41	2,460	1,662	2,501	933	1,535	4,867	8,085	9,823	11,636	11,802	121%
					SIP approved	63	2,302	1,540	592	328	1,732	6,039	9,011	10,254	11,135	13,309	137%
				<12	No education	2,188	1,943	1,438	1,234	1,123	1,558	3,195	4,443	4,936	5,176	4,901	50%
					Remedial ed.	413	1,113	696	547	543	1,236	3,337	4,759	5,301	5,808	5,746	59%
					Vocational ed.	86	2,069	1,906	1,157	753	1,511	3,726	5,240	6,082	6,789	7,461	77%
					SIP approved	95	1,301	536	488	742	1,460	3,664	6,439	7,054	8,707	9,346	96%
			12 +		No education	271	1,924	1,530	1,089	963	1,548	3,832	5,614	6,016	6,356	6,524	67%
					Remedial ed.	58	1,592	1,471	994	573	1,083	3,203	5,161	6,593	8,226	7,464	77%
					Vocational ed.	37	1,828	1,871	1,270	564	1,134	3,817	6,421	7,762	7,974	9,268	95%

Table A-5 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1996 through 1997 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

53,920 parents who engaged the labor force 1996-1997; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,743 for the entire 1996-1997 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index		
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001			
Two Parent Family	Fluent English	<2 yrs. AFDC/ Unemployment	17-29	<12	No education	258	4,398	4,047	4,693	4,200	4,015	5,777	8,347	9,086	10,424	9,856	101%		
					Vocational ed.	31	3,245	5,033	5,945	3,903	4,332	5,717	8,293	8,045	10,042	11,146	114%		
				12 +	No education	332	4,779	5,222	5,846	5,588	5,352	7,907	11,346	13,456	14,288	14,492	149%		
					Vocational ed.	57	5,055	5,419	6,222	5,955	4,049	6,591	11,716	14,929	18,700	21,168	217%		
			30-39	<12	No education	190	8,542	8,188	7,714	6,715	5,623	8,402	10,287	10,081	10,536	11,230	115%		
				12 +	No education	310	12,000	10,865	10,171	8,508	5,801	8,034	11,324	12,840	13,917	14,632	150%		
			40-64	<12	No education	87	10,185	11,035	9,777	7,855	5,441	8,112	10,984	12,832	14,586	13,425	138%		
				12 +	No education	247	13,121	12,250	10,532	8,201	5,626	8,958	12,169	13,043	13,200	13,297	136%		
			2+ yrs. AFDC/ Unemployment	17-29	<12	No education	777	2,275	2,004	1,694	1,823	2,397	4,542	6,267	7,513	8,831	8,664	89%	
						Remedial ed.	148	730	735	1,165	1,173	1,554	3,201	4,807	5,292	7,076	7,831	80%	
						Vocational ed.	98	1,853	1,471	1,639	1,283	2,407	4,632	7,361	9,535	11,210	11,554	119%	
						SIP approved	84	1,917	1,605	1,969	2,175	2,708	5,498	8,403	10,613	12,080	12,832	132%	
					12 +	No education	527	3,582	2,980	2,879	2,335	3,143	5,842	8,442	9,717	11,443	12,111	124%	
						Remedial ed.	47	1,438	1,113	468	934	1,861	3,918	7,415	7,209	8,482	9,017	93%	
						Vocational ed.	99	1,848	2,462	2,212	2,066	2,060	4,942	8,174	10,678	13,300	15,846	163%	
						SIP approved	62	2,069	2,315	1,852	1,941	3,269	8,894	13,991	14,672	16,141	18,322	188%	
					30-39	<12	No education	758	4,583	3,367	2,303	1,938	2,392	4,723	6,989	7,930	8,580	8,528	88%
						Remedial ed.	55	967	767	958	640	2,562	4,850	6,563	9,256	9,727	9,968	102%	
						Vocational ed.	34	2,468	2,018	2,250	1,931	2,861	6,268	9,209	12,477	13,260	13,110	135%	
						SIP approved	47	1,748	1,955	1,795	1,122	3,011	7,161	8,393	8,654	9,983	9,674	99%	
					12 +	No education	765	5,075	3,859	3,076	2,292	2,875	5,181	8,094	9,594	10,382	10,860	111%	
						Remedial ed.	37	2,057	2,012	1,807	1,430	2,216	5,358	9,067	11,045	11,536	12,048	124%	
						Vocational ed.	83	3,033	1,058	1,472	1,361	1,775	5,911	10,354	15,044	17,993	20,128	207%	
						SIP approved	56	2,103	930	866	626	3,411	7,091	10,625	13,654	17,106	18,763	193%	
			40-64	<12	No education	480	4,241	3,242	2,221	1,803	2,282	4,356	5,994	6,748	7,108	6,745	69%		
				Remedial ed.	37	2,092	1,782	1,025	347	703	3,507	6,652	4,879	4,418	4,049	42%			
				12 +	No education	635	5,109	3,510	2,600	1,957	2,257	5,151	7,897	9,488	9,705	10,235	105%		
					Remedial ed.	36	6,402	4,882	4,855	3,325	1,509	4,779	5,072	6,151	8,474	9,967	102%		
				Vocational ed.	61	4,063	3,176	2,055	1,678	1,300	4,361	9,172	10,953	12,248	15,084	155%			
				SIP approved	33	2,315	1,543	138	197	2,572	6,668	13,848	16,258	20,304	19,258	198%			

Table A-5 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1996 through 1997 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

53,920 parents who engaged the labor force 1996-1997; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$9,743 for the entire 1996-1997 population.

Family Status	English Ability	Dependency History	Yrs. Age	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars											2001 Wage Index	
						1992	1993	1994	1995	1996	1997	1998	1999	2000	2001			
Limited English	Unemployment	<2 yrs. AFDC/	17-29	<12	No education	84	4,358	4,673	6,057	5,885	4,203	6,307	9,587	11,304	11,910	10,707	110%	
			12 +	No education	34	4,080	4,585	5,217	4,894	3,507	5,538	8,808	10,755	11,573	11,416	117%		
			30-39	<12	No education	262	8,674	8,057	7,803	6,728	5,634	8,075	10,803	11,065	10,892	10,354	106%	
				12 +	No education	83	6,401	5,848	7,651	6,181	4,964	6,013	10,113	12,168	14,155	14,006	144%	
			40-64	<12	No education	290	9,009	8,382	8,759	6,465	4,988	7,197	9,160	10,050	10,378	10,495	108%	
				12 +	No education	73	9,213	9,693	9,518	7,292	3,904	4,990	7,831	10,213	11,328	10,305	106%	
			2+ yrs. AFDC/	17-29	<12	No education	443	2,539	2,378	2,294	1,910	1,994	4,054	6,052	6,524	7,231	7,352	75%
					Remedial ed.	30	846	264	304	281	1,807	3,547	4,815	4,196	4,312	4,969	51%	
			Unemployment	12 +	No education	116	2,789	2,309	2,217	1,760	2,115	4,141	5,438	6,700	7,187	7,471	77%	
					<12	No education	2,357	2,944	2,323	1,987	1,717	2,235	4,431	6,304	6,875	7,413	7,571	78%
					Remedial ed.	118	805	665	500	363	1,440	3,344	4,915	5,999	6,335	6,180	63%	
					Vocational ed.	105	1,713	1,463	1,197	1,122	1,247	3,599	5,415	6,699	8,280	9,583	98%	
					SIP approved	34	3,154	2,427	1,394	1,454	1,978	5,147	6,575	7,049	9,824	9,945	102%	
					12 +	No education	627	1,858	1,387	1,296	1,325	1,646	3,618	5,673	6,561	7,411	8,213	84%
					Vocational ed.	86	500	332	413	445	689	1,752	4,850	7,038	9,015	11,869	122%	
					40-64	<12	No education	3,292	2,838	2,165	1,751	1,467	1,901	3,867	5,568	6,040	6,343	6,277
					Remedial ed.	194	1,991	964	568	577	1,616	4,226	6,068	6,613	6,819	6,421	66%	
					Vocational ed.	89	2,272	1,859	1,990	1,436	1,758	4,307	6,007	6,128	6,697	6,722	69%	
					SIP approved	53	4,245	3,010	1,650	1,010	2,444	4,192	6,842	7,044	6,037	6,068	62%	
					12 +	No education	802	1,722	1,352	1,172	1,177	1,701	3,818	5,923	6,834	7,434	7,826	80%
		Remedial ed.	30	1,721	215	321	354	1,201	2,209	5,266	6,705	6,910	6,362	65%				
		Vocational ed.	63	313	37	19	189	710	3,660	5,996	8,992	10,739	11,682	120%				
		SIP approved	39	594	523	393	397	2,788	6,382	10,309	11,992	12,851	13,589	139%				

Table A-6

Earnings Outcomes of Parents Engaging the Labor Force from 1998 through 1999 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

60,575 parents who engaged the labor force 1998-1999; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$8,064 for the entire 1998-1999 population.

Family Status	English Ability	Dependency History	Age	Yrs. Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Single Parent Family	Fluent English	<2 yrs. AFDC/Unemployment	17-29	<12	No education	845	1,503	1,831	2,231	2,781	3,105	3,088	3,927	6,256	7,928	8,306	103%
					Remedial ed.	223	633	721	807	1,156	1,480	1,803	2,765	4,348	5,983	6,706	83%
					Vocational ed.	202	1,111	1,323	1,619	2,176	3,219	3,036	3,465	6,014	8,347	10,127	126%
					SIP approved	96	1,223	1,597	2,023	2,230	3,456	3,158	4,525	7,277	9,557	10,031	124%
			12 +	No education	1,604	2,411	2,702	3,340	3,951	4,392	4,301	5,023	8,281	11,096	11,527	143%	
				Remedial ed.	237	958	1,206	1,565	2,225	2,749	3,011	3,828	5,769	8,806	10,869	135%	
				Vocational ed.	581	1,951	2,501	3,068	3,845	4,501	4,542	5,267	8,156	12,190	13,788	171%	
				SIP approved	278	2,294	2,329	2,828	3,866	3,641	3,406	5,053	9,182	13,086	14,216	176%	
			30-39	<12	No education	349	5,446	5,313	5,568	4,886	5,433	4,642	5,135	7,057	8,708	9,279	115%
					Remedial ed.	35	6,042	5,463	5,799	5,982	5,347	2,923	2,820	4,225	7,002	8,880	110%
					Vocational ed.	36	8,271	9,022	7,879	5,447	4,126	5,643	4,678	4,719	6,917	8,668	107%
				12 +	No education	959	8,769	8,406	8,875	8,676	7,734	6,737	6,882	9,362	12,034	12,394	154%
					Remedial ed.	84	7,246	6,755	6,973	6,587	5,866	5,108	4,646	8,242	11,562	11,806	146%
					Vocational ed.	136	9,487	8,951	9,997	10,054	9,683	7,205	6,074	9,706	13,760	14,071	174%
					SIP approved	74	10,822	10,688	10,553	10,881	9,595	6,009	5,804	11,442	16,036	17,832	221%
40-64	<12	No education	151	8,250	7,843	7,661	7,820	5,910	4,366	4,332	5,891	7,189	7,063	88%			
		12 +	No education	473	10,386	9,604	9,441	8,791	7,108	6,047	5,954	7,667	10,131	9,959	123%		
		Remedial ed.	38	9,682	8,828	8,880	6,566	6,438	4,220	6,266	7,204	11,436	11,535	143%			
					Vocational ed.	50	9,202	9,329	7,882	9,231	7,469	5,887	7,443	8,911	10,519	11,767	146%

Table A-6 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1998 through 1999 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

60,575 parents who engaged the labor force 1998-1999; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$8,064 for the entire 1998-1999 population.

Family Status	English Ability	Dependency History	Yrs. Age	Yrs. Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
		2+ yrs. AFDC/ Unemployment	17-29	<12	No education	4,439	936	855	895	906	995	1,310	2,712	4,806	5,961	6,216	77%
					Remedial ed.	2,234	398	371	541	663	875	1,080	2,439	4,380	5,782	6,484	80%
					Vocational ed.	1,271	593	702	735	941	1,150	1,468	2,730	5,003	6,933	7,621	95%
					SIP approved	1,117	790	749	871	967	1,201	1,501	3,615	6,749	8,609	9,286	115%
				12 +	No education	3,732	1,762	1,741	1,948	1,995	2,042	2,256	3,970	7,087	9,089	9,778	121%
					Remedial ed.	946	1,005	1,025	1,007	1,122	1,308	1,422	2,708	5,027	6,740	8,186	102%
					Vocational ed.	1,671	1,380	1,494	1,637	1,611	1,554	1,930	3,381	6,812	9,854	11,239	139%
					SIP approved	1,469	1,664	1,588	1,705	1,767	1,583	1,822	4,408	8,968	12,197	14,086	175%
			30-39	<12	No education	2,877	1,850	1,569	1,324	1,305	1,306	1,604	2,899	4,710	5,902	5,982	74%
					Remedial ed.	914	894	887	824	956	1,109	1,331	2,861	4,920	6,354	7,023	87%
					Vocational ed.	331	1,908	1,700	1,518	1,318	1,335	1,824	3,453	5,865	8,042	8,878	110%
					SIP approved	370	2,340	1,591	1,715	1,558	1,594	1,789	3,492	6,861	9,167	9,746	121%
				12 +	No education	3,257	3,976	3,369	3,007	2,530	2,217	2,486	4,117	6,843	8,590	8,907	110%
					Remedial ed.	650	2,168	1,625	1,513	1,410	1,442	1,657	3,493	6,355	8,878	9,771	121%
					Vocational ed.	631	4,452	3,629	3,182	2,696	2,178	2,317	4,341	8,105	11,277	12,482	155%
					SIP approved	743	3,716	3,021	2,724	2,275	2,028	2,022	4,933	9,449	13,056	14,568	181%
			40-64	<12	No education	1,560	1,734	1,427	1,105	991	984	1,129	1,871	2,891	3,550	3,525	44%
					Remedial ed.	376	924	907	763	678	624	916	1,989	3,758	4,685	5,061	63%
					Vocational ed.	89	2,199	1,641	2,352	1,685	1,536	2,072	3,810	6,287	6,721	7,137	89%
					SIP approved	83	1,302	596	608	645	1,700	1,497	3,194	5,727	7,106	7,736	96%
				12 +	No education	1,926	3,723	2,918	2,665	2,308	1,890	1,789	3,124	4,987	6,286	6,503	81%
					Remedial ed.	338	3,170	2,685	1,680	1,318	1,187	1,350	2,595	5,002	6,998	7,839	97%
					Vocational ed.	218	4,338	3,859	3,296	2,841	2,115	2,109	3,758	7,625	9,744	10,341	128%
					SIP approved	262	3,239	2,419	1,901	1,766	1,730	2,256	4,138	6,871	8,632	9,784	121%

Table A-6 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1998 through 1999 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

60,575 parents who engaged the labor force 1998-1999; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$8,064 for the entire 1998-1999 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index		
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001			
Limited English	English	<2 yrs. AFDC/Unemployment	17-29	<12	No education	88	2,293	2,247	2,559	2,811	2,810	3,657	4,731	6,218	6,939	6,681	83%		
				12 +	No education	61	1,200	1,215	2,380	3,267	3,362	3,015	4,709	7,108	9,282	8,120	101%		
		30-39	<12	No education	173	5,015	5,527	5,797	5,556	5,061	5,109	5,278	5,804	7,371	7,529	93%			
			12 +	No education	78	5,577	5,694	5,770	5,673	5,197	5,019	5,624	8,144	11,219	10,893	135%			
		40-64	<12	No education	179	4,844	4,766	4,906	5,172	4,756	4,055	4,911	6,071	6,609	6,325	78%			
			12 +	No education	48	5,287	5,237	5,581	6,429	6,031	6,088	4,391	7,286	9,081	8,131	101%			
		2+ yrs. AFDC/Unemployment	English	<2 yrs. AFDC/Unemployment	17-29	<12	No education	590	932	924	1,072	1,250	1,127	1,355	2,983	5,030	5,939	5,813	72%
						Remedial ed.	184	419	489	732	547	630	961	1,957	3,468	4,565	4,923	61%	
					Vocational ed.	86	434	544	675	1,060	1,153	1,855	3,463	5,101	5,597	6,768	84%		
					SIP approved	73	506	360	585	238	520	1,008	3,051	5,195	6,733	6,796	84%		
				12 +	No education	217	1,189	1,583	1,521	1,270	1,249	1,567	3,589	6,792	8,892	9,941	123%		
					Remedial ed.	49	873	920	996	1,109	1,376	1,296	2,763	5,337	6,771	7,741	96%		
					Vocational ed.	61	888	1,224	1,744	1,765	1,528	1,870	4,091	7,648	10,268	11,432	142%		
					SIP approved	62	2,017	1,757	2,140	2,075	1,904	1,429	4,060	8,432	12,936	13,571	168%		
				30-39	<12	No education	1,605	2,141	1,899	1,587	1,359	1,227	1,546	3,202	5,175	6,011	5,979	74%	
					Remedial ed.	325	1,749	1,366	1,194	1,173	856	1,117	2,466	3,987	5,339	6,003	74%		
					Vocational ed.	131	3,018	2,426	2,089	1,990	1,448	1,262	3,251	4,938	6,899	6,563	81%		
					SIP approved	95	2,372	1,316	1,060	1,293	1,376	1,336	2,387	5,330	6,819	8,036	100%		
				12 +	No education	260	2,555	1,851	1,613	1,489	1,496	1,476	3,951	6,065	6,826	7,405	92%		
					Remedial ed.	60	1,458	944	1,274	1,454	1,135	1,095	2,497	4,039	5,327	6,565	81%		
	Vocational ed.			53	1,986	1,329	1,612	1,710	1,768	1,606	3,113	6,131	7,770	8,490	105%				
	SIP approved			48	2,634	2,025	3,133	2,145	1,568	2,124	4,674	9,891	15,172	17,792	221%				
40-64	<12			No education	1,872	1,776	1,603	1,406	1,258	1,166	1,324	2,399	3,489	4,038	4,026	50%			
	Remedial ed.			463	1,283	936	919	1,019	1,138	1,167	2,098	3,521	4,363	4,574	57%				
	Vocational ed.			80	4,049	3,664	2,698	1,818	1,498	1,381	3,414	5,905	7,166	6,114	76%				
	SIP approved			69	1,134	648	345	461	688	1,560	3,112	4,912	6,858	7,099	88%				
			12 +	No education	252	2,404	1,990	1,704	1,570	1,316	1,487	2,546	4,573	5,480	6,331	79%			
				Remedial ed.	46	2,379	1,602	1,776	1,306	705	1,843	2,198	4,036	5,623	6,723	83%			
				Vocational ed.	43	2,118	1,965	1,247	751	1,096	1,228	2,933	7,272	11,328	10,759	133%			
				SIP approved	34	615	708	866	345	377	770	3,162	7,096	10,573	12,032	149%			

Table A-6 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1998 through 1999 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

60,575 parents who engaged the labor force 1998-1999; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$8,064 for the entire 1998-1999 population.

Family Status	English Ability	Dependency History	Yrs. Age	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars											2001 Wage Index				
						1992	1993	1994	1995	1996	1997	1998	1999	2000	2001						
Two Parent Family	Fluent English	<2 yrs. AFDC/ Unemployment	17-29	<12	No education	437	2,223	2,879	3,254	3,994	4,359	5,104	5,941	7,302	9,516	9,516	118%				
					Remedial ed.	37	802	597	671	1,447	1,585	1,275	2,840	4,668	5,360	6,052	75%				
					Vocational ed.	45	2,775	3,269	3,322	4,509	3,925	5,440	6,355	6,866	9,296	11,620	144%				
				12 +	No education	492	2,716	3,323	3,987	4,599	5,128	5,292	6,120	8,440	10,894	11,083	137%				
					Vocational ed.	94	2,993	3,358	4,209	6,699	6,090	5,871	6,004	8,738	12,411	12,025	149%				
			30-39	<12	No education	224	8,684	8,558	8,091	8,352	6,638	6,079	6,360	8,641	11,186	11,337	141%				
					No education	360	10,798	9,826	9,861	9,202	9,066	8,270	8,002	10,596	13,468	13,448	167%				
					Vocational ed.	41	8,451	11,294	11,076	10,124	8,816	6,203	6,657	11,400	16,248	17,265	214%				
			40-64	<12	No education	97	12,498	11,295	12,416	10,850	8,724	7,060	5,718	8,122	9,629	8,724	108%				
					No education	225	10,319	10,160	10,191	10,231	8,677	7,103	7,558	9,078	11,755	12,576	156%				
			2+ yrs. AFDC/ Unemployment	Fluent English	<2 yrs. AFDC/ Unemployment	17-29	<12	No education	827	1,508	1,538	1,861	1,649	1,593	1,899	3,230	4,926	5,704	6,202	77%	
								Remedial ed.	198	777	946	1,056	1,032	1,048	1,241	2,533	4,353	5,610	5,984	74%	
								Vocational ed.	129	1,046	1,266	1,413	1,301	1,313	1,969	3,476	5,756	7,984	8,479	105%	
							SIP approved	59	1,018	1,238	778	939	1,187	1,138	2,544	5,727	7,355	8,253	102%		
							12 +	No education	576	1,961	1,862	2,124	2,295	2,389	2,286	3,735	6,013	7,676	8,169	101%	
								Remedial ed.	81	332	865	749	954	498	504	1,803	4,509	7,438	8,195	102%	
						Vocational ed.		139	1,927	2,438	2,094	1,963	2,282	2,342	2,819	6,490	9,454	11,125	138%		
						SIP approved	84	1,573	1,745	2,139	1,726	1,414	1,265	3,377	7,117	10,484	13,157	163%			
						30-39	<12	No education	731	2,834	2,440	2,402	2,223	1,933	2,001	3,744	5,641	6,902	6,901	86%	
								Remedial ed.	84	1,546	797	793	442	595	1,624	2,271	5,221	6,531	6,724	83%	
								Vocational ed.	48	3,008	3,353	1,544	1,874	1,888	1,854	3,174	5,530	7,107	9,081	113%	
						SIP approved	34	2,990	2,665	2,868	3,182	1,160	939	4,751	9,822	12,293	11,868	147%			
						12 +	No education	716	4,986	4,282	3,733	3,026	2,653	2,894	4,649	7,647	9,407	10,048	125%		
							Remedial ed.	47	1,758	1,406	1,114	1,399	966	1,115	1,904	5,699	8,689	7,937	98%		
							Vocational ed.	99	3,947	3,438	2,977	1,682	1,950	2,355	4,714	9,753	12,933	16,866	209%		
						SIP approved	64	2,731	1,962	1,763	1,861	857	1,147	4,143	10,739	14,069	14,793	183%			
						40-64	<12	No education	523	3,343	2,766	2,834	2,286	1,856	1,670	2,674	3,908	4,420	4,621	57%	
								Remedial ed.	73	3,154	2,067	1,615	1,776	759	788	2,097	3,964	4,500	4,773	59%	
								12 +	No education	617	5,261	3,762	3,140	3,109	2,266	1,726	3,159	5,135	6,563	6,866	85%
									Remedial ed.	56	4,886	3,326	2,127	1,596	908	1,269	2,595	5,607	6,878	9,704	120%
									Vocational ed.	64	3,472	2,341	2,603	2,321	2,729	2,371	3,558	7,336	11,475	13,596	169%
								SIP approved	35	6,322	4,678	5,156	4,324	4,126	2,720	3,652	6,643	12,309	13,773	171%	

Table A-6 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 1998 through 1999 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

60,575 parents who engaged the labor force 1998-1999; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$8,064 for the entire 1998-1999 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index	
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
Limited English	Unemployment	<2 yrs. AFDC/	17-29	<12	No education	52	3,139	3,524	4,592	6,049	6,042	5,307	6,526	9,149	9,495	9,137	113%	
			30-39	<12	No education	197	7,721	8,644	8,820	8,343	7,465	7,094	7,458	8,936	10,954	10,911	135%	
				12 +	No education	75	6,663	8,438	9,227	8,279	7,280	6,008	5,524	7,397	9,617	9,318	116%	
			40-64	<12	No education	256	9,978	8,785	8,494	8,460	7,580	6,082	5,850	7,537	8,704	8,400	104%	
			12 +	No education	63	5,866	4,864	4,697	5,542	5,991	4,829	4,915	5,723	7,116	7,412	92%		
		2+ yrs. AFDC/	Unemployment	17-29	<12	No education	321	1,152	1,173	1,154	1,356	1,191	1,702	3,227	4,645	5,523	5,448	68%
						Remedial ed.	45	446	656	837	862	906	1,478	1,885	3,178	3,821	4,121	51%
					12 +	No education	102	1,333	1,239	1,323	1,714	1,769	2,167	3,683	5,735	6,717	7,284	90%
						Vocational ed.	33	940	1,007	604	720	1,048	203	3,734	8,429	12,062	12,953	161%
		30-39	<12	No education	1,605	2,522	2,210	1,977	1,633	1,618	1,833	3,608	5,136	5,846	6,043	75%		
				Remedial ed.	108	1,562	1,180	1,837	2,166	1,491	1,540	3,020	4,347	5,679	6,552	81%		
				Vocational ed.	92	2,728	2,336	1,715	1,208	1,441	1,346	2,344	4,423	5,583	6,988	87%		
				SIP approved	39	1,485	512	168	945	962	1,323	3,089	4,793	8,590	8,907	110%		
		40-64	12 +	No education	367	2,262	2,064	1,876	1,597	1,370	1,588	3,844	6,272	7,337	8,287	103%		
				Vocational ed.	84	823	728	445	166	275	589	3,890	7,082	9,391	12,327	153%		
				SIP approved	38	1,157	1,180	931	532	370	982	2,023	5,587	7,988	10,163	126%		
				<12	No education	2,655	1,941	1,624	1,409	1,184	1,077	1,325	2,648	3,612	4,204	4,027	50%	
				Remedial ed.	242	1,623	1,433	1,112	1,048	1,208	1,244	2,443	4,212	5,051	4,915	61%		
				Vocational ed.	93	1,351	1,430	1,339	821	425	1,183	2,783	4,563	4,955	5,071	63%		
				SIP approved	31	2,335	976	2,150	2,994	1,926	1,464	4,131	8,644	9,991	9,692	120%		
	12 +	No education	564	1,822	1,803	1,704	1,623	1,500	1,903	3,420	5,409	6,241	6,932	86%				
		Remedial ed.	48	1,190	375	586	989	982	1,906	3,716	4,992	5,472	5,951	74%				
		Vocational ed.	66	1,085	1,032	1,038	729	743	358	2,489	4,721	6,897	8,557	106%				
		SIP approved	49	121	426	456	463	147	514	1,941	4,540	6,534	8,626	107%				

Table A-7

Earnings Outcomes of Parents Engaging the Labor Force from 2000 through 2001 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

55,536 parents who engaged the labor force 2000-2001; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$4,866 for the entire 2000-2001 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Single Parent Family	Fluent English	<2 yrs. AFDC/ Unemployment	17-29	<12	No education	1,332	515	610	901	1,197	1,483	1,986	2,557	2,704	3,140	3,938	81%
					Remedial ed.	335	289	278	567	814	961	1,253	1,948	2,211	3,125	4,168	86%
					Vocational ed.	350	384	578	863	1,223	1,663	2,482	2,764	2,693	3,456	4,823	99%
					SIP approved	76	466	520	926	1,219	2,352	2,607	2,732	3,519	3,969	6,442	132%
			12 +		No education	2,239	797	1,009	1,396	1,938	2,541	3,360	4,187	4,105	4,675	6,355	131%
					Remedial ed.	305	535	831	1,002	1,571	1,974	2,797	3,014	2,674	3,947	6,557	135%
					Vocational ed.	899	865	1,149	1,675	2,269	2,740	3,475	4,282	3,943	4,441	6,731	138%
					SIP approved	329	919	1,116	1,508	1,895	2,240	3,023	3,844	3,454	4,153	7,537	155%
			30-39	<12	No education	487	3,691	3,788	4,140	4,074	4,233	4,482	4,626	4,341	4,164	4,202	86%
					Remedial ed.	45	2,312	2,233	2,456	2,350	1,931	1,851	2,508	1,881	3,139	3,978	82%
					Vocational ed.	55	4,498	4,554	4,525	4,347	5,100	5,078	5,305	3,623	4,924	5,909	121%
			12 +		No education	1,119	5,981	5,841	5,998	6,100	6,331	6,827	7,045	6,151	5,985	6,328	130%
					Remedial ed.	102	5,700	5,137	5,485	6,043	6,439	6,914	5,404	3,121	4,324	8,357	172%
					Vocational ed.	241	7,217	8,229	8,568	8,879	8,754	9,393	8,721	6,635	5,736	7,177	147%
					SIP approved	81	10,425	9,499	8,697	7,696	7,594	8,312	9,517	7,926	7,764	9,814	202%
			40-64	<12	No education	180	5,560	5,347	4,767	4,031	4,262	5,462	4,534	4,526	4,508	4,970	102%
					No education	612	7,123	7,020	7,258	7,150	6,988	7,427	7,101	5,854	5,435	5,993	123%
					Remedial ed.	63	7,466	6,402	6,321	6,099	5,865	5,627	4,869	3,368	3,852	5,158	106%
					Vocational ed.	71	8,162	7,877	7,714	8,003	8,050	7,967	8,994	6,128	5,173	4,075	84%

Table A-7 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 2000 through 2001 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

55,536 parents who engaged the labor force 2000-2001; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$4,866 for the entire 2000-2001 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Number	Average Annual Earnings in 2001 Dollars										2001 Wage Index
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
		2+ yrs. AFDC/ Unemployment	17-29	<12	No education	3,779	439	456	544	698	814	1,117	1,425	1,556	2,334	3,101	64%
					Remedial ed.	1,687	251	253	336	454	582	773	967	1,156	2,345	3,639	75%
					Vocational ed.	1,341	386	479	640	541	751	979	1,377	1,672	2,982	4,421	91%
					SIP approved	582	459	526	552	629	965	1,563	1,811	2,119	3,579	5,430	112%
			12 +		No education	2,926	818	867	998	1,249	1,512	1,933	2,222	2,145	3,297	4,769	98%
					Remedial ed.	774	510	523	643	766	793	1,164	1,471	1,345	2,716	4,982	102%
					Vocational ed.	1,776	571	702	946	1,200	1,403	1,813	2,033	1,974	3,304	5,477	113%
					SIP approved	773	946	1,033	1,212	1,431	1,611	1,794	2,069	2,440	4,412	7,061	145%
		30-39	<12		No education	2,377	1,436	1,243	1,251	1,245	1,345	1,521	1,720	1,766	2,546	3,486	72%
					Remedial ed.	585	1,105	925	950	967	1,045	1,378	1,788	1,834	3,086	5,154	106%
					Vocational ed.	338	1,758	1,579	1,518	1,747	1,719	1,569	2,010	1,889	3,377	4,965	102%
					SIP approved	234	1,569	1,616	1,570	1,309	1,220	1,673	1,846	2,099	4,471	7,261	149%
			12 +		No education	2,311	3,290	2,995	2,890	2,688	2,549	2,581	2,850	2,794	3,773	4,807	99%
					Remedial ed.	424	2,726	2,210	1,972	2,234	2,156	2,510	2,096	2,022	3,499	6,006	123%
					Vocational ed.	592	4,097	3,605	3,428	3,154	2,637	2,534	2,781	2,800	4,988	7,511	154%
					SIP approved	440	3,853	3,337	2,949	3,046	2,595	2,873	2,686	3,119	5,077	8,240	169%
		40-64	<12		No education	1,179	1,470	1,181	1,151	1,093	1,156	1,359	1,392	1,355	1,805	2,318	48%
					Remedial ed.	251	1,154	821	842	1,033	1,071	1,166	942	1,161	2,870	4,534	93%
					Vocational ed.	89	1,870	1,640	1,580	1,248	1,015	1,398	1,255	1,429	2,795	5,178	106%
					SIP approved	58	2,875	1,461	1,283	834	881	1,391	1,563	1,395	4,112	6,150	126%
			12 +		No education	1,511	3,121	2,740	2,588	2,392	2,326	2,389	2,490	2,350	3,086	3,982	82%
					Remedial ed.	292	3,553	2,862	2,455	2,125	1,955	1,493	1,421	1,232	2,810	5,468	112%
					Vocational ed.	206	4,364	3,652	4,023	3,576	3,151	3,218	3,061	3,105	3,987	6,873	141%
					SIP approved	160	4,537	4,224	3,569	2,656	2,287	2,533	2,449	2,500	4,360	7,584	156%

Table A-7 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 2000 through 2001 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

55,536 parents who engaged the labor force 2000-2001; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$4,866 for the entire 2000-2001 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index	
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
Limited English	Unemployment	<2 yrs. AFDC/	17-29	<12	No education	119	436	747	1,013	1,912	2,547	2,849	3,592	3,417	3,403	3,929	81%	
				12 +	No education	85	137	496	1,239	1,320	1,762	2,273	2,933	2,909	3,465	5,502	113%	
			30-39	<12	No education	183	3,021	3,407	3,471	3,812	4,265	5,024	5,681	5,135	4,247	4,515	93%	
				12 +	No education	79	3,049	2,888	2,753	2,671	3,203	4,894	4,956	4,762	4,125	6,188	127%	
			40-64	<12	No education	211	3,532	4,368	4,473	4,784	5,315	5,579	5,305	4,323	4,527	4,281	88%	
				12 +	No education	55	4,419	4,237	4,696	5,572	6,754	6,169	5,731	4,399	3,836	5,544	114%	
		2+ yrs. AFDC/	Unemployment	17-29	<12	No education	455	730	827	890	1,072	1,046	1,272	1,602	1,861	2,813	4,003	82%
						Remedial ed.	151	376	177	321	446	573	1,234	1,430	1,241	2,169	3,403	70%
						Vocational ed.	79	1,011	1,048	1,219	1,311	1,843	2,130	2,188	1,898	3,035	6,342	130%
						SIP approved	33	388	30	752	1,381	1,216	1,007	1,548	749	2,397	3,824	79%
					12 +	No education	182	425	702	768	1,140	1,516	1,923	1,602	1,655	3,102	4,910	101%
						Remedial ed.	39	199	284	417	372	555	547	2,245	2,119	4,084	6,928	142%
						Vocational ed.	79	462	730	468	648	1,167	1,654	1,729	1,666	3,464	6,606	136%
						SIP approved	33	849	1,017	1,108	1,872	1,871	2,398	1,407	3,229	7,099	9,401	193%
				30-39	<12	No education	893	1,953	1,658	1,657	1,789	1,703	1,866	2,162	2,437	3,462	4,281	88%
						Remedial ed.	203	1,649	1,477	1,371	1,120	788	897	1,279	1,299	2,149	4,181	86%
						Vocational ed.	71	1,164	915	1,044	867	725	987	1,732	1,382	2,819	3,822	79%
						SIP approved	30	1,347	880	2,144	705	570	888	2,465	3,576	4,803	6,966	143%
				12 +	No education	246	1,956	1,842	1,684	1,560	1,403	1,543	2,127	2,139	3,336	5,009	103%	
						Remedial ed.	55	1,125	1,435	1,721	1,307	1,164	1,185	1,524	1,290	2,421	5,279	108%
						Vocational ed.	59	2,062	2,335	1,600	1,995	1,473	1,607	1,761	2,380	3,619	4,636	95%
						SIP approved	45	1,406	809	1,242	1,580	1,836	2,406	3,571	3,374	4,213	6,731	138%
		40-64	<12		No education	1,132	1,424	1,299	1,315	1,343	1,320	1,541	1,752	1,975	2,563	3,197	66%	
					Remedial ed.	268	1,464	1,268	1,156	1,001	985	1,212	1,216	1,574	2,480	3,770	77%	
					Vocational ed.	73	1,090	837	962	588	726	910	1,301	1,924	2,162	3,788	78%	
			12 +		No education	237	1,590	1,452	1,702	1,590	1,600	1,489	1,988	2,400	2,834	4,146	85%	
			Remedial ed.	44	2,399	2,798	2,093	716	713	1,423	1,492	622	3,096	5,109	105%			
			Vocational ed.	40	2,088	1,747	1,987	1,760	860	1,325	1,824	1,928	3,521	4,836	99%			

Table A-7 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 2000 through 2001 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

55,536 parents who engaged the labor force 2000-2001; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$4,866 for the entire 2000-2001 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index		
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001			
Two Parent Family	Fluent English	<2 yrs. AFDC/ Unemployment	17-29	<12	No education	603	913	1,031	1,614	1,946	2,555	3,172	4,124	4,437	5,068	5,576	115%		
					Remedial ed.	52	278	569	674	770	1,310	1,425	2,555	2,608	1,967	2,952	61%		
					Vocational ed.	87	587	591	1,164	1,830	2,710	4,055	5,311	5,073	5,983	5,838	120%		
					12 +	No education	628	1,232	1,416	1,886	2,580	3,227	4,231	5,366	5,417	5,938	6,758	139%	
			Remedial ed.	42	231	333	569	1,258	2,163	2,959	3,800	3,140	4,837	5,560	114%				
			Vocational ed.	174	739	1,388	1,788	2,223	3,339	4,378	4,131	4,004	4,844	5,938	122%				
			SIP approved	34	1,912	1,434	1,422	2,785	4,735	5,948	9,243	6,751	5,169	8,868	182%				
			30-39	<12	No education	231	5,131	4,846	4,916	5,054	5,191	5,306	6,198	6,026	6,178	5,542	114%		
					12 +	No education	425	6,904	6,795	7,530	7,952	8,101	8,608	8,555	6,903	8,345	8,895	183%	
					Vocational ed.	54	6,572	5,584	5,600	7,480	7,272	7,884	7,685	7,036	6,356	7,254	149%		
					40-64	<12	No education	107	7,010	7,187	7,729	7,643	7,704	7,268	7,822	6,580	5,014	6,471	133%
			12 +	No education	282		8,692	8,225	7,462	7,359	7,620	7,713	7,182	6,556	7,194	7,667	158%		
			2+ yrs. AFDC/ Unemployment	17-29	<12		No education	755	565	601	808	951	1,309	1,540	1,789	1,843	2,212	3,057	63%
							Remedial ed.	178	369	337	593	555	548	547	1,023	1,234	2,193	3,679	76%
						Vocational ed.	120	573	608	1,201	1,027	1,175	1,328	1,327	1,640	3,315	5,310	109%	
						SIP approved	60	482	295	617	688	1,464	1,108	1,261	1,426	2,608	4,804	99%	
			12 +	No education	570	1,020	1,275	1,680	1,959	2,194	2,329	2,950	2,811	3,263	4,541	93%			
			Remedial ed.	80	807	1,049	1,258	1,264	1,700	1,097	1,441	969	2,300	4,825	99%				
			Vocational ed.	186	831	849	1,105	1,475	1,746	2,490	2,225	2,085	3,080	4,841	99%				
			SIP approved	63	516	1,152	1,005	1,777	2,667	2,332	2,080	2,085	2,889	5,913	122%				
			30-39	<12	No education	557	2,623	1,780	1,643	1,630	2,099	2,389	2,537	2,262	3,510	4,648	96%		
					Remedial ed.	76	1,077	393	882	985	1,428	2,622	2,886	2,066	2,575	3,640	75%		
					Vocational ed.	43	3,926	4,281	3,599	3,370	3,338	3,574	4,348	2,932	3,345	6,252	128%		
					12 +	No education	663	3,926	3,491	3,602	3,584	3,429	3,593	3,626	3,542	4,511	6,081	125%	
			Remedial ed.	52	5,793	4,702	3,497	2,921	2,265	3,039	3,720	2,701	3,068	5,652	116%				
			Vocational ed.	96	4,145	4,472	4,584	3,891	3,855	4,530	4,282	4,642	4,937	7,473	154%				
			SIP approved	57	2,202	2,769	2,805	2,273	2,010	2,344	2,077	2,918	6,662	11,381	234%				
			40-64	<12	No education	411	2,927	2,690	2,521	2,528	2,472	2,157	2,399	2,462	2,870	2,819	58%		
Remedial ed.	57	2,238			1,958	1,909	1,546	366	1,548	1,367	1,745	3,008	3,316	68%					
12 +	No education	556			4,615	4,694	4,220	3,767	3,419	2,889	3,287	3,378	4,173	5,685	117%				
Remedial ed.	61	3,081			2,413	2,715	3,383	3,578	4,756	4,243	2,942	3,390	6,057	124%					
Vocational ed.	70	3,645	2,543	2,344	2,820	2,482	1,887	2,642	3,395	5,834	8,266	170%							

Table A-7 (Cont.)

Earnings Outcomes of Parents Engaging the Labor Force from 2000 through 2001 Based on Family Status, English Ability, Age, Years of Schooling, Dependency History, and Skill Development Experience in GAIN

55,536 parents who engaged the labor force 2000-2001; Earnings in 2001 dollars; Age on date of labor force engagement; Years of schooling when entering GAIN. Parents with missing data, disability or family dysfunction indicators, or suspect earnings removed from sample; Only subgroups with 30 or more parents shown. Wage index equals average subgroup wages as a percent of the 2001 average of \$4,866 for the entire 2000-2001 population.

Family Status	English Ability	Dependency History	Yrs. Age	Sch.	GAIN Education	Num-ber	Average Annual Earnings in 2001 Dollars										2001 Wage Index		
							1992	1993	1994	1995	1996	1997	1998	1999	2000	2001			
Limited English	Unemployment	<2 yrs. AFDC/	17-29	<12	No education	96	769	1,267	2,095	2,555	3,954	5,033	5,807	6,112	5,084	5,651	116%		
				12 +	No education	36	1,355	2,480	3,138	2,430	2,367	2,867	3,376	3,483	3,583	5,936	122%		
			30-39	<12	No education	230	5,182	5,464	6,076	5,867	6,893	7,633	7,970	6,973	6,496	6,594	135%		
				12 +	No education	132	4,021	4,270	4,134	4,943	4,899	5,355	5,728	5,493	5,946	7,094	146%		
			40-64	<12	No education	304	6,457	6,799	7,000	6,949	6,734	7,323	7,448	6,658	6,158	6,571	135%		
				12 +	No education	129	3,719	3,736	3,214	3,749	4,436	5,630	5,099	5,031	5,546	6,034	124%		
			2+ yrs. AFDC/	Unemployment	17-29	<12	No education	311	555	900	1,007	1,209	1,291	1,704	2,074	1,882	2,314	3,401	70%
							Remedial ed.	45	108	172	502	325	579	919	593	713	1,884	2,126	44%
							Vocational ed.	34	2,133	949	1,044	1,305	1,498	1,358	2,422	1,561	3,323	5,865	121%
					12 +	No education	174	834	1,003	780	1,075	1,338	1,673	1,913	1,558	2,755	4,091	84%	
							Vocational ed.	42	283	242	239	214	294	108	185	994	2,253	4,011	82%
					30-39	<12	No education	1,317	2,148	2,105	2,105	1,985	1,973	2,250	2,546	2,670	3,553	4,515	93%
							Remedial ed.	122	1,427	1,106	1,809	1,520	1,149	1,193	1,051	921	1,662	2,826	58%
							Vocational ed.	96	1,416	955	1,077	1,031	1,175	1,315	1,035	936	1,303	3,367	69%
					12 +	No education	777	937	1,003	1,077	1,259	1,188	1,412	1,794	2,755	3,928	5,611	115%	
							Remedial ed.	122	335	347	185	358	370	538	1,105	1,371	1,773	4,136	85%
							Vocational ed.	196	235	273	576	583	362	402	601	921	2,187	4,318	89%
							SIP approved	61	100	153	275	205	329	189	433	985	2,813	6,093	125%
			40-64	<12	No education	2,451	1,590	1,402	1,404	1,467	1,553	1,848	2,344	2,798	3,259	3,846	79%		
					Remedial ed.	222	1,607	1,246	1,093	1,210	1,213	1,395	1,282	1,204	2,116	3,702	76%		
					Vocational ed.	114	1,121	1,300	1,001	938	975	995	1,148	1,314	1,719	2,706	56%		
				12 +	No education	1,195	653	703	793	874	1,110	1,492	1,985	2,799	3,994	5,416	111%		
						Remedial ed.	124	1,510	1,504	1,041	726	768	549	877	1,395	2,219	4,595	94%	
						Vocational ed.	145	815	545	694	925	1,048	1,054	1,458	1,909	3,273	6,554	135%	
	SIP approved	58			965	384	292	248	298	451	264	906	2,661	4,989	103%				

Table A-8

Pearson Chi-Square Test of the Strength of the Relationship between GAIN Education/Training and Earnings for Subgroups of Welfare Parents

Test of 228,312 parents who engaged the labor force from 1989 through 2001. Parents with missing data, disability or family dysfunction indicators, or suspect earnings not included in the sample. Subgroups with >0.05 significance value highlighted.

Family Status	English Ability	Dependency History	Age	Yrs. Sch.	Chi-Square Value	df	Asymp. Sig. (2-sided)	Number
Single parent family	Fluent English	<2 yrs. AFDC/Unemployment	17-29	<12	62.5	15	0.000	5,194
				12+	73.4	15	0.000	9,124
			30-39	<12	23.9	15	0.068	1,855
				12+	43.7	15	0.000	4,814
		2+ yrs. AFDC/Unemployment	40-64	<12	17.2	15	0.308	816
				12+	36.5	15	0.002	2,413
			17-29	<12	494.3	15	0.000	32,440
				12+	493.9	15	0.000	27,549
	Limited English	<2 yrs. AFDC/Unemployment	30-39	<12	387.7	15	0.000	19,391
				12+	471.9	15	0.000	23,371
			40-64	<12	281.6	15	0.000	9,437
				12+	292.3	15	0.000	11,738
		2+ yrs. AFDC/Unemployment	17-29	<12	14.2	15	0.507	397
				12+	19.0	15	0.212	308
			30-39	<12	12.9	15	0.611	767
				12+	7.8	15	0.930	313
Two parent family	Fluent English	<2 yrs. AFDC/Unemployment	40-64	<12	7.8	15	0.933	919
				12+	17.0	15	0.321	224
			17-29	<12	25.6	15	0.042	3,522
				12+	36.4	15	0.002	1,438
		2+ yrs. AFDC/Unemployment	30-39	<12	71.5	15	0.000	8,643
				12+	89.5	15	0.000	2,067
			40-64	<12	138.7	15	0.000	10,787
				12+	52.9	15	0.000	1,753
	Limited English	<2 yrs. AFDC/Unemployment	17-29	<12	31.2	15	0.008	1,988
				12+	25.6	15	0.042	2,318
			30-39	<12	20.5	15	0.155	896
				12+	21.7	15	0.116	1,604
		2+ yrs. AFDC/Unemployment	40-64	<12	9.7	15	0.836	466
				12+	16.4	15	0.354	1,079
			17-29	<12	48.6	15	0.000	4,612
				12+	52.7	15	0.000	3,340
	Limited English	<2 yrs. AFDC/Unemployment	30-39	<12	30.3	15	0.011	3,517
				12+	61.8	15	0.000	3,955
			40-64	<12	38.8	15	0.001	2,590
				12+	71.1	15	0.000	3,270
	Fluent English	<2 yrs. AFDC/Unemployment	17-29	<12	18.0	15	0.262	317
				12+	12.3	15	0.655	143
			30-39	<12	16.1	15	0.373	899
				12+	12.7	15	0.627	411
		2+ yrs. AFDC/Unemployment	40-64	<12	16.0	15	0.379	1,152
				12+	17.1	15	0.310	369
			17-29	<12	40.0	15	0.000	1,855
				12+	37.3	15	0.001	735
	Limited English	<2 yrs. AFDC/Unemployment	30-39	<12	58.3	15	0.000	8,523
				12+	21.6	15	0.120	3,123
		2+ yrs. AFDC/Unemployment	40-64	<12	45.3	15	0.000	13,824
				12+	68.1	15	0.000	4,104

The significance level indicates the probability that the association between GAIN education or training and higher earnings is random. Lower values indicate a more reliable association.

Table A-9

Earnings Based on Age, Years of School, and Skill Development Experience in GAIN of Single Mothers with Fluent English who Received Welfare or were Unemployed for Two or More Years Before Entering GAIN and Who Engaged the Labor Force in 1998 and 1999

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded

Age	Yrs. Sch.	GAIN Educ. Count	Average Annual Earnings in 2001 Dollars							% Chg '96-'01
			1996	1997	1998	1999	2000	2001		
17-29	9	None	484	1,140	1,339	2,601	4,449	5,469	5,581	390%
		Remedial	237	653	1,148	2,495	4,125	5,336	5,897	803%
		Vocational	98	1,682	2,084	3,459	6,880	8,629	9,575	469%
		SIP	85	918	1,766	3,988	7,358	8,928	8,986	879%
	10	None	1,140	1,305	1,714	3,014	5,114	6,434	6,471	396%
		Remedial	575	1,074	1,205	2,576	4,790	6,413	7,368	586%
		Vocational	238	1,287	1,606	2,905	5,424	7,607	7,849	510%
		SIP	195	1,353	1,359	4,156	8,250	10,293	10,427	671%
	11	None	2,697	1,359	1,646	2,973	5,175	6,422	6,801	400%
		Remedial	1,176	962	1,133	2,421	4,093	5,459	5,953	519%
		Vocational	728	1,416	1,591	2,696	4,973	7,054	8,012	466%
		SIP	536	1,221	1,422	3,650	6,601	8,755	9,208	654%
	12	None	4,685	2,440	2,613	4,050	7,047	9,049	9,676	297%
		Remedial	1,330	1,352	1,524	2,831	5,119	6,847	8,132	501%
		Vocational	1,767	1,951	2,312	3,492	6,535	9,447	10,622	444%
		SIP	1,582	1,780	2,013	4,335	8,413	11,149	12,478	601%
	13	None	464	3,270	3,227	4,806	8,831	11,464	12,218	274%
		Remedial	92	1,934	2,323	2,834	5,298	7,998	10,623	449%
		Vocational	341	2,451	2,773	4,470	7,828	11,085	12,877	425%
		SIP	253	2,326	2,142	3,765	7,680	10,639	12,994	459%
	14	None	284	3,481	3,732	4,344	7,272	10,536	10,963	215%
		Remedial	43	3,240	4,386	4,557	6,445	10,881	15,430	376%
		Vocational	244	3,305	3,246	4,116	7,557	10,998	12,545	280%
		SIP	172	1,804	1,746	4,819	10,053	14,358	17,409	865%
30-39	9	None	256	1,471	1,972	2,945	4,076	5,049	4,846	229%
		Remedial	77	942	1,049	2,874	6,178	7,422	8,430	794%
		Vocational	20	1,711	3,196	2,878	6,653	8,273	7,842	358%
		SIP	22	2,051	1,107	2,840	6,668	11,031	10,940	433%
	10	None	657	1,577	2,042	3,337	4,871	6,217	6,579	317%
		Remedial	141	1,033	1,412	2,382	4,193	6,336	6,735	552%
		Vocational	52	912	1,861	3,454	5,919	7,536	8,657	849%
		SIP	64	1,526	1,071	3,238	7,854	10,319	12,451	716%
	11	None	1,505	1,794	1,855	3,162	5,200	6,455	6,536	264%
		Remedial	465	1,374	1,360	2,882	4,870	6,446	7,532	448%
		Vocational	151	1,437	2,332	3,955	5,587	7,904	8,721	507%
		SIP	169	1,512	1,870	3,294	6,719	8,307	8,897	488%
	12	None	3,196	2,907	2,841	4,208	6,747	8,583	8,930	207%
		Remedial	703	1,584	1,842	3,475	6,376	8,691	9,065	472%
		Vocational	502	2,800	2,724	4,277	7,616	10,454	11,655	316%
		SIP	593	2,593	2,270	4,843	8,979	12,252	13,653	426%
	13	None	416	3,810	3,589	5,167	8,556	10,698	10,733	182%
		Remedial	75	1,652	2,089	3,789	5,286	7,913	8,452	412%
		Vocational	125	3,989	3,241	3,922	8,432	12,213	13,648	242%
		SIP	127	2,980	2,714	5,104	9,142	12,504	14,222	377%
	14	None	378	4,740	5,370	6,437	8,615	11,113	11,394	140%
		Remedial	67	4,427	2,347	2,498	6,152	7,444	9,676	119%
		Vocational	122	2,997	2,840	4,507	7,860	10,428	11,515	284%
		SIP	126	2,599	2,406	5,040	10,503	15,146	16,595	538%

Table A-9 (Cont.)

Earnings Based on Age, Years of School, and Skill Development Experience in GAIN of Single Mothers with Fluent English who Received Welfare or were Unemployed for Two or More Years Before Entering GAIN and Who Engaged the Labor Force in 1998 and 1999

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded

Age	Yrs. Sch.	GAIN Educ.	Count	Average Annual Earnings in 2001 Dollars						% Chg '96-'01
				1996	1997	1998	1999	2000	2001	
40-64	9	None	163	1,178	863	2,095	3,004	3,832	3,677	212%
		Remedial	31	203	235	1,749	3,779	4,776	5,867	2797%
		Vocational	10	4,571	3,263	5,705	4,549	7,436	8,723	91%
		SIP	7	3,705	2,892	4,198	6,750	9,782	9,894	167%
	10	None	301	1,393	1,611	2,277	3,156	4,054	4,067	192%
		Remedial	60	734	1,175	1,674	3,527	3,981	4,611	528%
		Vocational	15	765	222	2,406	7,013	8,453	6,059	692%
		SIP	14	622	241	1,944	6,793	10,483	11,539	1756%
	11	None	641	1,330	1,477	2,202	3,335	3,727	3,754	182%
		Remedial	157	1,165	1,528	2,331	3,772	5,131	5,521	374%
		Vocational	38	1,736	2,796	3,824	5,642	6,861	6,436	271%
		SIP	32	885	1,691	4,087	6,633	6,809	7,176	711%
	12	None	1,521	2,448	2,193	3,272	4,960	6,217	6,493	165%
		Remedial	308	1,265	1,324	2,412	4,575	6,287	7,228	472%
		Vocational	144	3,559	3,183	4,361	6,625	7,683	8,985	152%
		SIP	181	3,265	2,944	4,569	7,435	9,426	10,361	217%
	13	None	255	3,126	3,090	4,084	5,362	6,968	6,444	106%
		Remedial	49	1,745	1,933	3,641	6,038	7,329	7,022	302%
		Vocational	33	999	2,241	5,007	7,216	7,944	7,609	662%
		SIP	50	2,115	2,394	3,400	6,085	7,669	8,010	279%
	14	None	225	3,081	3,001	4,839	6,909	9,008	8,502	176%
		Remedial	37	1,570	1,663	4,034	6,284	8,570	11,210	614%
		Vocational	51	2,927	3,342	4,047	9,234	12,187	14,303	389%
		SIP	50	587	1,321	4,291	6,315	8,696	8,938	1422%

Table A-10

Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
History, Age, Years of School, and Skill Development Experience in GAIN

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded

Only Cohorts with 40+ People Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Count	Average Annual Earnings in 2001 Dollars											
								1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
1990	Single Parent	Fluent English	2+ Yr. AFDC/Unemp.	30-39	11	None	124	4,431	3,954	3,942	3,895	4,522	5,363	5,230	5,051	5,753	6,393		
						Remedial	76	2,707	2,075	2,655	3,563	4,264	5,604	4,918	5,189	5,900	6,186		
					12	None	230	5,122	5,078	5,691	5,821	6,509	7,310	7,284	7,603	8,160	8,534		
						Remedial	87	2,130	2,072	2,401	3,045	3,844	4,704	5,348	5,933	6,742	8,211		
						SIP	41	4,795	4,025	4,310	5,544	6,606	6,529	6,196	8,082	8,387	9,909		
					13	None	73	6,113	6,228	6,523	6,830	6,599	7,026	7,250	7,787	8,421	8,010		
					Remedial	49	3,566	3,235	4,107	4,241	4,015	6,132	6,786	8,419	9,351	9,770			
				40-64	12	None	124	2,735	2,852	2,436	2,784	2,751	2,989	3,826	4,250	4,294	4,256		
						Remedial	45	3,000	2,548	2,298	2,366	2,068	2,802	3,028	4,012	4,632	4,376		
				1991	Single Parent	Fluent English	2+ Yr. AFDC/Unemp.	17-29	10	None	153	2,761	2,489	3,103	3,350	3,685	4,038	4,964	5,594
	Remedial	60	3,427						4,848	6,143	7,241	8,455	9,572	9,711	9,959	11,493	13,013		
11	None	257	3,822						4,395	4,585	4,716	5,888	6,537	7,799	8,859	9,635	9,958		
	Remedial	97	2,520						2,074	2,181	2,675	3,244	4,318	5,246	5,891	6,711	7,329		
	SIP	45	4,700						5,121	4,443	6,897	6,276	7,355	5,633	7,591	8,899	8,782		
12	None	368	5,305						5,615	5,946	6,103	6,363	7,443	8,347	9,607	10,584	10,786		
	Remedial	120	3,173						3,874	3,907	4,863	5,540	6,203	7,729	8,877	9,043	8,347		
	SIP	97	4,823						5,540	6,611	7,723	9,306	9,888	11,183	13,302	13,755	13,035		
30-39	10	None	161					3,231	3,316	2,970	2,921	3,407	4,328	4,565	4,646	5,130	5,842		
		Remedial	111					2,169	2,984	3,838	4,633	4,655	4,975	5,092	5,554	6,451	6,353		
	11	None	359					2,480	2,462	2,854	3,273	3,728	3,948	4,527	5,208	5,982	6,521		
		Remedial	188					2,381	2,452	2,811	3,380	3,585	4,757	4,473	4,586	5,431	6,129		
		SIP	51					5,349	4,979	5,325	6,178	6,045	6,420	6,811	8,324	8,932	9,717		
	12	None	702					4,125	4,110	4,388	4,796	5,325	5,915	6,497	6,986	7,317	7,323		
		Remedial	265					3,386	3,704	4,498	5,285	5,991	6,185	6,741	7,601	8,334	8,578		
		SIP	141					5,135	6,150	5,716	6,948	7,950	8,998	9,272	10,240	11,069	11,937		
	13	None	137					3,736	4,512	4,858	5,162	6,407	6,902	6,612	7,859	8,203	8,730		
		Remedial	42					2,901	2,279	3,008	3,707	5,097	6,250	8,125	7,458	8,985	10,053		
		SIP	45					5,779	4,953	5,749	7,017	8,903	9,077	10,233	12,167	11,938	11,690		
	14	None	95					4,548	4,094	4,462	5,354	6,645	7,196	8,000	8,900	10,241	11,342		
		SIP	42					5,842	6,262	6,938	9,242	9,744	9,993	9,152	7,944	9,698	9,766		
40-64	10	None	97					1,894	1,616	1,895	2,111	2,188	2,312	2,593	2,779	2,567	2,290		
		Remedial	44					789	1,411	2,317	2,060	2,179	2,717	2,688	2,911	2,847	3,218		
	11	None	199					2,852	2,760	3,399	3,135	3,247	3,062	3,229	3,386	3,332	3,132		
		Remedial	80					1,600	1,782	2,163	2,490	2,725	3,069	3,503	3,836	4,374	4,825		
	12	None	372					3,115	3,474	4,013	4,106	4,441	4,436	5,058	4,922	5,013	4,842		
		Remedial	116					1,779	1,684	1,710	2,769	3,446	3,764	4,360	4,653	5,238	5,635		
		SIP	43					2,616	1,836	3,615	4,407	4,523	5,474	6,858	7,534	9,245	8,448		

Table A-10 (Cont.)

Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
History, Age, Years of School, and Skill Development Experience in GAIN

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded

Only Cohorts with 40+ People Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Count	Average Annual Earnings in 2001 Dollars														
								1992	1993	1994	1995	1996	1997	1998	1999	2000	2001					
1992	Single Parent	Fluent English	2+ Yr. AFDC/Unemp.	17-29	9	Remedial	46	991	1,928	2,105	2,394	2,523	3,054	3,637	4,412	5,884	6,358					
					10	None	80	2,112	2,546	2,668	2,540	3,327	3,849	5,196	5,820	6,933	8,161					
						Remedial	71	965	1,886	3,487	4,184	4,856	5,652	7,656	8,132	8,522	9,285					
					11	None	171	2,581	2,878	3,918	4,891	4,803	5,573	6,625	7,327	8,106	8,081					
						Remedial	119	2,083	2,643	2,994	3,806	5,548	7,039	7,515	8,026	8,958	8,851					
						SIP	48	3,087	3,559	3,505	5,612	5,241	7,013	8,557	8,192	8,728	9,759					
					12	None	219	3,932	5,470	5,561	5,934	6,729	8,327	9,453	10,565	11,242	11,622					
						Remedial	98	2,323	3,501	4,407	4,908	6,216	6,976	8,596	9,174	10,037	11,042					
						SIP	131	3,801	6,683	6,890	8,116	9,176	10,757	12,237	12,514	14,147	14,666					
				30-39	10	None	91	1,704	2,881	2,615	3,449	3,986	5,104	5,276	5,554	5,718	6,201					
						Remedial	88	914	1,959	3,120	3,500	4,031	5,266	6,646	7,267	7,429	7,689					
					11	None	191	2,171	2,849	3,077	2,944	3,541	4,300	4,309	4,583	4,767	4,590					
						Remedial	149	1,619	2,589	3,069	3,913	4,388	4,754	5,186	6,657	7,787	8,007					
						SIP	49	4,183	5,072	5,085	6,210	7,674	8,607	8,863	10,607	12,066	11,637					
					12	None	332	2,990	4,116	4,869	5,262	5,419	6,064	6,861	7,409	7,726	7,676					
						Remedial	184	2,551	4,194	4,835	5,440	6,485	7,686	7,992	9,280	10,040	10,097					
						SIP	126	3,327	6,057	7,133	8,552	9,143	9,779	10,786	11,801	12,950	12,864					
					13	None	54	3,446	4,309	5,083	5,050	5,352	6,400	8,994	8,596	8,548	8,180					
						SIP	43	3,072	6,748	6,560	8,015	9,333	10,323	11,320	12,884	13,700	12,808					
				40-64	11	None	99	821	1,210	1,389	1,563	1,747	2,147	2,406	2,360	2,732	2,509					
						Remedial	61	1,569	2,881	3,101	3,860	3,827	4,382	4,789	5,577	5,422	5,207					
					12	None	174	2,242	2,310	2,743	2,876	3,178	3,459	3,714	3,765	4,049	3,831					
						Remedial	75	2,225	3,474	3,945	3,800	4,357	4,061	4,942	5,756	6,922	7,826					
					1993	Single Parent	Fluent English	2+ Yr. AFDC/Unemp.	17-29	9	None	44	1,195	1,129	1,797	2,542	2,821	4,047	4,360	5,281	5,097	6,686
											Remedial	61	218	1,981	2,974	3,865	3,826	5,220	6,985	7,644	8,076	6,980
										10	None	111	862	1,606	3,197	3,507	4,331	5,526	6,102	7,158	8,830	8,494
											Remedial	105	279	1,865	3,662	4,037	5,091	6,503	8,085	8,319	8,389	9,416
										11	None	214	954	2,397	4,062	4,292	5,126	6,569	7,793	8,189	9,601	9,898
											Remedial	207	623	1,282	3,020	3,916	4,809	5,744	6,836	7,989	8,957	9,606
											SIP	67	487	2,360	5,991	6,105	5,584	7,925	10,519	11,790	13,304	14,082
										12	None	432	1,676	2,839	5,583	5,977	7,209	8,857	10,119	11,327	12,842	13,633
											Remedial	184	1,088	2,007	4,088	4,992	6,361	8,011	9,044	10,580	11,867	12,256
											Vocational	63	1,490	3,761	6,789	7,340	8,521	8,461	9,999	12,187	14,887	15,023
											SIP	184	773	3,081	6,636	8,195	9,788	11,498	13,513	14,715	16,337	16,420
				30-39	10	None	77	1,424	2,129	2,975	3,117	3,189	4,059	5,654	5,602	5,654	6,638					
						Remedial	64	533	1,533	3,038	4,198	4,187	4,195	5,847	6,541	6,317	6,093					
					11	None	166	998	2,312	3,135	3,548	4,285	4,608	5,001	5,739	6,289	5,683					
						Remedial	145	679	1,749	3,451	3,809	4,059	5,402	6,778	7,036	7,140	7,424					
					12	None	417	1,702	3,014	4,789	5,412	6,270	6,628	7,772	8,165	8,681	8,885					
						Remedial	208	751	2,381	4,279	5,242	6,184	6,912	8,662	9,649	9,672	10,132					
						SIP	130	1,070	3,591	6,557	8,248	9,040	10,077	11,914	13,837	15,148	16,611					
				40-64	11	None	92	629	1,043	1,650	1,552	2,100	1,991	1,850	1,937	2,347	2,558					
						Remedial	47	724	1,249	1,860	1,747	2,665	2,990	3,466	4,820	5,096	4,667					
					12	None	239	1,259	1,981	2,930	3,049	3,634	4,089	4,596	5,085	5,428	5,322					
						Remedial	74	311	2,253	3,905	4,966	5,699	6,718	7,377	8,068	8,706	8,978					
						SIP	47	703	2,283	4,291	7,286	8,261	8,076	10,840	12,007	13,438	12,854					

Table A-10 (Cont.)

Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
History, Age, Years of School, and Skill Development Experience in GAIN

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded

Only Cohorts with 40+ People Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Count	Average Annual Earnings in 2001 Dollars									
								1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1994	Single Parent	Fluent English	<2 Yr. Unemp.	17-29	11	None	95	2,455	2,782	3,708	5,444	6,418	7,970	10,002	10,464	11,293	12,727
						Remedial	56	2,454	1,129	2,841	5,514	6,125	7,395	8,801	11,027	11,937	12,745
					12	None	255	3,727	2,945	4,329	7,132	8,758	10,893	13,116	13,970	14,535	14,805
						SIP	79	4,236	2,119	4,738	8,784	10,262	13,441	15,876	16,774	17,707	19,246
				2+ Yr. AFDC/Unemp.	9	None	140	532	535	2,083	3,108	3,582	3,962	5,790	6,826	7,549	8,097
						Remedial	135	742	257	1,638	3,224	3,917	4,436	5,372	6,697	8,442	8,806
					10	None	333	520	648	2,036	3,390	4,413	5,288	7,134	8,420	8,935	9,126
						Remedial	267	524	622	2,505	4,744	6,150	7,801	9,046	10,513	11,255	11,267
						Vocational	46	1,123	869	2,375	4,853	6,830	7,911	10,000	11,227	12,421	12,518
						SIP	89	558	492	2,493	5,792	7,057	8,243	8,575	9,335	10,530	11,894
					11	None	586	780	803	2,461	3,727	4,048	5,516	6,598	7,615	8,282	8,633
						Remedial	541	715	504	2,062	4,098	4,797	6,090	7,631	8,698	9,603	10,818
						Vocational	90	942	979	2,222	3,237	4,392	6,993	7,122	8,293	9,795	10,932
						SIP	232	769	757	2,822	4,193	4,719	6,209	7,489	9,170	10,531	11,076
					12	None	1,242	1,191	1,147	3,559	5,676	6,678	7,878	9,718	10,876	12,013	12,669
						Remedial	485	660	496	2,856	4,604	5,686	7,102	8,700	9,992	11,324	11,541
						Vocational	195	1,148	918	3,413	6,185	6,757	8,404	10,549	11,421	13,594	15,601
						SIP	553	1,297	1,129	3,776	6,699	7,278	9,017	11,115	12,061	13,589	14,855
					13	None	88	1,366	1,504	3,857	6,240	7,051	9,459	12,680	15,015	17,279	17,640
						SIP	105	1,234	1,198	3,543	5,568	7,580	10,640	12,973	14,898	16,451	17,125
					14	None	73	1,437	1,261	4,202	6,040	6,020	7,343	9,296	9,719	10,924	11,586
						SIP	65	922	1,057	3,647	7,772	8,808	9,120	11,294	14,975	17,552	19,266
					9	None	77	888	659	1,503	3,515	3,180	4,552	6,033	6,590	6,964	6,357
						Remedial	58	746	591	2,636	5,690	7,311	7,791	9,229	10,183	10,471	11,118
					10	None	207	1,195	707	1,784	3,600	4,172	4,912	5,449	6,073	6,727	6,651
						Remedial	126	363	314	1,844	3,764	4,773	5,304	6,882	7,187	7,524	8,371
					11	None	409	1,041	1,039	2,324	3,795	4,568	4,940	5,865	5,787	6,557	6,860
						Remedial	264	588	705	2,449	4,474	4,959	6,238	7,592	8,596	9,962	10,555
						SIP	60	1,112	1,115	4,585	6,246	6,094	7,913	8,454	9,461	7,847	9,820
					12	None	1,109	1,434	1,219	2,942	4,776	5,779	7,093	8,391	9,221	9,852	9,940
						Remedial	424	625	450	2,661	5,000	5,885	7,392	8,991	10,113	10,477	10,410
						Vocational	86	2,558	1,632	2,825	4,908	4,124	5,870	6,333	7,993	8,695	9,456
						SIP	279	1,072	946	3,827	7,105	8,499	10,037	11,566	12,813	14,598	14,815
					13	None	132	1,736	1,260	2,549	4,755	5,783	5,966	8,505	9,643	10,315	9,808
						Remedial	65	694	855	4,045	5,144	5,947	6,568	7,733	8,228	9,448	10,011
						SIP	62	1,359	930	5,045	9,459	12,056	14,773	17,010	17,409	17,911	19,188
					14	None	119	2,929	2,548	3,886	5,907	7,697	8,547	10,341	11,527	12,027	11,451
						Remedial	40	501	637	2,526	4,742	5,793	8,774	10,699	11,172	13,043	15,043
						SIP	58	1,227	1,116	3,134	8,317	9,851	11,523	14,596	16,085	16,970	16,842
					9	None	61	651	361	1,157	1,976	2,661	2,928	3,888	3,626	4,348	4,730
						Remedial	46	838	721	1,527	4,062	4,626	5,528	5,758	5,869	7,944	7,867
					10	None	113	1,266	1,168	1,422	2,817	3,717	4,592	4,594	5,210	5,269	5,078
						Remedial	42	177	433	1,737	3,812	4,520	4,232	4,782	4,433	3,695	3,829
					11	None	172	459	735	1,367	2,600	3,049	3,811	3,902	4,227	4,689	4,613
						Remedial	75	499	747	1,581	4,238	4,905	5,211	6,211	6,255	7,249	7,471
					12	None	504	1,244	957	1,943	3,566	4,590	5,312	5,911	5,855	6,458	6,440
						Remedial	178	613	403	1,921	3,970	4,550	6,099	6,689	7,321	7,940	6,937
						SIP	82	1,254	692	2,602	5,685	6,650	7,747	8,781	9,373	10,269	10,160
	Limited English	2+ Yr. AFDC/Unemp.	30-39		12	None	96	1,592	933	2,253	4,003	4,248	5,176	6,121	6,947	8,302	8,273
						Remedial	47	915	1,296	2,300	3,394	3,562	5,996	6,665	6,298	6,806	7,792

Table A-10 (Cont.)

Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
History, Age, Years of School, and Skill Development Experience in GAIN

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded

Only Cohorts with 40+ People Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Count	Average Annual Earnings in 2001 Dollars											
								1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
1995	Single Parent	Fluent English	≤2 Yr. AFDC/	17-29	12	None	210	4,236	4,190	3,015	5,681	9,476	11,210	13,479	14,971	15,422	16,739		
					SIP	59	4,718	4,255	3,643	5,145	9,485	12,824	16,115	17,007	19,952	19,371			
			2+ Yr. AFDC/ Unemp.	17-29	9	None	165	679	501	630	1,800	3,534	4,011	4,574	5,188	6,607	6,635		
					Remedial	107	402	122	308	2,185	3,864	5,060	6,005	6,392	7,921	8,611			
			10	None	347	766	677	849	2,304	4,222	4,886	6,139	6,932	7,901	8,403				
				Remedial	223	788	528	753	2,696	4,125	5,658	7,261	8,581	10,401	10,664				
				SIP	82	823	905	1,325	3,389	6,473	8,155	9,504	10,619	11,959	11,591				
				11	None	669	851	793	1,092	2,902	4,518	5,339	6,399	7,261	8,142	8,839			
			Remedial		353	418	523	558	2,627	4,486	5,496	7,023	7,859	9,015	10,253				
			Vocational	100	384	936	1,086	2,993	4,407	5,413	6,718	8,925	11,164	11,500					
				SIP	193	829	663	922	3,244	5,697	7,189	9,293	10,591	11,516	12,889				
			12	None	1,149	1,311	1,179	1,542	3,843	6,280	7,723	9,270	10,316	11,422	12,337				
				Remedial	406	495	393	700	3,060	5,016	6,055	7,927	9,701	11,382	12,217				
				Vocational	270	1,014	1,107	1,489	3,508	5,125	6,781	9,150	10,667	12,830	14,285				
				SIP	565	1,035	876	1,117	4,202	7,416	9,006	10,799	12,570	14,081	15,478				
			13	None	83	1,989	1,163	1,420	3,998	6,345	8,661	10,325	11,583	11,534	12,366				
				Vocational	56	994	664	1,630	5,211	8,735	9,482	11,714	12,452	12,389	13,752				
			SIP	92	987	1,004	857	2,876	5,256	7,145	9,469	10,909	13,534	16,015					
				14	None	77	1,941	2,531	3,079	6,106	7,406	9,633	10,916	12,292	13,228	15,156			
			SIP		72	789	1,093	1,392	4,487	8,238	10,303	12,923	15,286	18,224	20,064				
			30-39	9	None	84	1,857	923	1,012	2,081	3,576	4,334	5,286	6,757	7,483	7,586			
					Remedial	44	552	434	425	2,978	6,655	7,686	9,006	9,716	9,439	9,982			
					10	None	217	1,630	1,123	878	2,423	4,075	4,834	6,000	6,941	8,002	8,502		
						Remedial	96	373	270	340	2,817	4,979	6,171	7,761	8,133	10,293	9,968		
			11	None	460	1,309	1,016	1,127	2,450	4,266	5,101	5,909	6,134	6,970	7,513				
				Remedial	214	618	773	534	2,682	4,807	6,488	7,263	7,805	8,807	9,454				
			SIP	78	1,055	663	682	3,697	6,701	10,143	11,890	12,757	12,716	13,795					
				12	None	1,071	2,195	1,719	1,635	3,338	5,357	6,560	8,026	9,183	10,080	10,084			
			Remedial		330	877	619	674	3,332	6,050	7,392	8,552	9,543	11,149	11,821				
			Vocational	110	1,642	1,156	1,208	3,182	5,248	6,310	8,606	10,083	11,875	12,267					
				SIP	247	1,441	1,181	1,163	4,154	6,972	7,919	10,277	13,027	15,133	16,695				
			13	None	135	1,910	1,047	1,145	3,644	5,443	6,640	8,318	8,438	9,443	9,514				
				Remedial	50	763	1,133	878	3,593	6,105	7,727	9,012	9,606	12,065	13,177				
			SIP	50	1,312	845	1,146	4,938	9,246	13,902	16,712	17,449	18,174	21,458					
				14	None	135	2,822	2,893	3,475	5,962	7,763	8,474	10,220	11,344	12,442	13,101			
			SIP		65	1,199	865	1,473	6,492	10,991	13,436	15,495	17,091	17,678	18,897				
			40-64	11	None	186	2,109	1,778	836	1,374	2,531	3,554	4,067	4,370	4,265	4,484			
					Remedial	64	755	815	496	2,078	3,824	3,470	5,831	7,230	8,268	8,774			
				12	None	486	2,948	1,970	1,417	2,735	4,076	5,128	6,257	6,393	6,871	7,121			
					Remedial	138	1,553	922	548	2,992	5,490	6,370	7,272	8,117	8,506	8,550			
SIP	81	2,691	1,340	940	3,127	5,544	7,560	9,319	10,309	11,026	10,927								
	Limited English	2+ Yr. AFDC/	30-39	12	None	126	1,042	1,044	684	1,865	3,278	4,598	6,107	7,024	7,605	8,060			
Remedial				47	1,527	590	335	2,114	3,220	3,490	5,377	7,080	9,941	9,855					

Table A-10 (Cont.)

Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
History, Age, Years of School, and Skill Development Experience in GAIN

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded

Only Cohorts with 40+ People Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Count	Average Annual Earnings in 2001 Dollars									
								1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1996	Single Parent	Fluent English	<2 Yr. AFDC/Unemp.	17-29	12	None	290	4,083	4,050	5,091	4,364	5,531	9,504	11,806	13,287	15,405	16,155
						Remedial	43	992	759	1,350	1,439	3,992	8,035	11,413	12,990	14,448	14,439
						Vocational	66	1,676	2,397	2,823	2,846	4,440	8,841	11,361	11,912	13,327	14,796
						SIP	74	3,102	4,175	3,898	2,772	6,419	11,026	13,457	15,600	16,261	17,157
					9	None	137	1,035	976	982	921	2,789	5,043	5,525	6,230	6,660	7,680
						Remedial	68	334	352	434	393	2,283	5,807	8,436	9,156	11,413	11,781
						SIP	47	498	613	973	1,094	4,106	6,568	8,416	10,357	12,308	12,957
					10	None	346	1,069	660	789	870	2,606	4,854	6,114	7,072	7,716	7,734
						Remedial	180	516	434	363	756	2,979	4,828	6,386	7,574	8,774	9,008
						Vocational	49	841	435	991	1,244	2,402	4,445	6,701	9,063	11,213	10,994
			2+ Yr. AFDC/Unemp.	11	None	672	1,184	842	1,089	1,330	2,928	4,995	6,298	7,568	8,325	8,765	
					Remedial	325	497	377	452	753	2,678	5,049	5,960	6,721	8,156	9,344	
					Vocational	153	759	959	1,073	1,317	3,267	5,285	6,131	7,880	9,166	9,999	
					SIP	177	825	633	1,037	1,115	3,521	6,603	8,579	10,116	11,815	12,089	
				12	None	1,227	2,177	1,706	1,784	1,964	4,158	6,751	8,369	9,693	11,091	11,881	
					Remedial	355	842	601	880	977	3,233	5,860	8,114	9,612	11,209	12,670	
					Vocational	317	1,370	1,332	1,375	1,594	3,594	5,604	6,653	9,151	11,302	12,859	
					SIP	487	1,457	1,242	1,418	1,584	4,785	8,599	10,491	12,906	14,612	15,560	
				13	None	104	2,814	2,047	1,893	1,906	4,782	7,891	9,381	10,705	12,441	13,704	
					Vocational	59	2,347	1,427	1,516	1,908	4,395	6,906	9,861	13,080	13,909	15,195	
	30-39	14	None	87	2,749	2,017	1,709	1,970	4,814	9,627	11,594	14,384	15,506	15,925			
			Vocational	50	2,247	1,385	1,802	1,378	3,588	8,141	10,618	12,165	14,127	17,081			
			SIP	89	1,476	865	1,361	1,801	3,796	7,720	10,830	13,677	16,549	19,915			
			9	None	110	1,574	1,094	924	870	2,454	4,513	5,675	6,520	7,272	7,282		
		Remedial	46	559	268	946	687	3,058	5,760	6,392	9,286	9,469	10,893				
		10	None	226	1,365	1,134	1,390	1,260	2,961	5,111	6,243	6,397	7,459	8,013			
			Remedial	71	2,803	1,242	896	1,212	3,004	5,035	6,257	7,754	8,758	9,448			
		11	None	513	2,059	1,902	1,708	1,568	3,138	5,921	6,689	7,328	8,506	9,367			
			Remedial	155	1,165	950	1,011	884	3,611	6,867	8,365	8,731	10,381	10,009			
		SIP	70	1,197	1,080	1,059	1,420	3,620	5,673	7,762	8,527	9,513	10,443				
	40-64	12	None	1,152	3,422	2,553	2,047	1,902	3,941	6,791	8,234	9,471	10,627	10,802			
			Remedial	247	1,440	1,311	1,207	1,003	3,615	6,738	8,269	9,322	10,419	11,699			
			Vocational	141	3,537	1,613	1,290	1,277	3,852	7,551	9,412	10,890	12,491	14,763			
			SIP	229	2,543	1,984	1,560	1,786	4,517	9,243	11,318	13,080	14,227	14,784			
		13	None	140	3,277	2,641	2,469	2,173	3,706	6,223	8,731	9,637	10,809	12,320			
			SIP	40	5,508	1,849	1,536	1,317	5,073	8,991	11,884	13,802	15,195	16,760			
		14	None	140	4,733	3,728	2,507	1,822	4,494	7,483	9,421	10,756	11,609	12,287			
			SIP	49	3,063	2,295	1,835	2,010	4,602	10,843	14,352	16,547	18,048	21,176			
		12	None	511	4,485	3,068	2,533	1,908	3,249	6,098	7,227	7,733	8,580	9,084			
			Remedial	80	1,686	1,942	1,471	1,187	3,219	5,166	5,923	6,531	8,828	9,612			
Vocational	41		4,177	2,682	2,112	1,737	4,970	6,963	8,686	8,925	11,496	13,411					
SIP	66	3,525	2,231	1,243	1,002	3,708	7,970	9,639	10,710	12,751	11,747						

Table A-10 (Cont.)

Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
History, Age, Years of School, and Skill Development Experience in GAIN

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded

Only Cohorts with 40+ People Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Average Annual Earnings in 2001 Dollars												
							Count	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		
1997	Single Parent	Fluent English	<2 Yr. AFDC/	17-29	12	None	351	3,316	3,748	4,516	5,244	4,774	7,061	10,505	11,717	12,990	13,380		
						Remedial	53	1,085	1,338	1,065	1,891	1,311	4,985	8,170	10,052	13,141	14,866		
						Vocational	79	4,154	4,759	4,861	5,526	4,410	6,432	10,706	12,142	13,858	16,281		
						SIP	85	2,393	3,087	4,145	4,229	2,548	6,170	10,639	12,708	14,043	14,859		
				17-29	9	None	205	831	664	862	951	1,021	3,440	5,446	6,238	7,484	7,068		
						Remedial	95	572	261	340	840	986	4,156	5,918	8,029	8,816	9,369		
					10	None	428	1,520	1,109	951	1,050	1,213	3,650	5,636	6,362	7,374	7,969		
						Remedial	177	426	309	407	674	1,072	4,054	6,004	6,269	7,373	8,450		
						Vocational	78	881	680	385	677	662	3,382	6,535	6,038	6,703	8,878		
						SIP	81	522	845	572	494	777	3,830	7,125	8,185	9,534	10,481		
					11	None	908	1,257	1,042	1,039	1,116	1,506	3,854	6,093	6,738	7,588	8,004		
						Remedial	350	433	344	563	759	910	3,085	5,204	6,210	7,570	7,939		
						Vocational	222	673	488	707	901	902	3,429	5,473	6,924	8,637	9,577		
						SIP	195	1,002	723	894	1,082	1,332	4,696	8,276	9,682	11,017	11,188		
					12	None	1,595	2,163	1,820	1,606	1,645	1,854	4,714	7,988	9,213	10,527	10,930		
						Remedial	417	687	618	699	1,011	1,235	3,763	5,700	6,883	8,144	9,450		
				Vocational		461	1,401	1,449	1,474	1,622	1,821	5,203	8,491	9,590	11,654	12,819			
				SIP		560	1,560	1,495	1,395	1,365	1,483	4,964	8,786	10,471	11,963	13,374			
				13	None	160	1,815	1,638	1,517	1,772	2,052	5,527	8,984	10,590	10,675	12,046			
					Vocational	76	2,284	1,975	1,316	2,073	2,649	5,811	9,502	11,507	11,414	13,805			
					SIP	88	2,346	2,119	1,583	1,632	2,342	4,492	8,933	9,690	11,702	12,607			
				14	None	117	2,422	2,243	2,112	1,687	1,988	5,567	9,614	11,032	12,629	13,692			
					Vocational	67	3,006	2,696	2,450	1,885	2,016	5,670	9,413	11,044	15,876	17,954			
					SIP	73	2,438	2,020	2,253	2,707	2,300	6,415	8,362	12,052	14,746	17,798			
				30-39	10	None	273	1,710	1,577	1,397	1,674	1,791	3,519	5,563	6,810	7,258	7,475		
						Remedial	56	1,365	1,248	778	489	1,509	5,140	7,520	8,862	10,117	9,753		
					11	None	681	2,569	2,263	1,802	1,438	1,467	3,756	6,882	7,958	8,339	8,478		
						Remedial	175	547	570	795	823	1,556	4,072	5,867	6,921	7,553	8,475		
						Vocational	52	3,311	1,977	1,909	1,417	1,603	4,598	8,435	9,311	10,980	11,209		
						SIP	67	1,749	981	555	956	968	4,881	9,110	9,463	10,228	12,095		
					12	None	1,501	3,168	2,369	2,039	1,910	2,110	4,948	7,794	8,746	9,848	10,395		
						Remedial	286	1,955	1,627	1,032	1,226	1,486	4,447	7,436	7,836	9,068	10,173		
						Vocational	218	3,627	3,216	2,373	1,380	1,840	4,788	8,253	9,602	11,675	12,520		
						SIP	238	2,930	2,368	1,733	1,717	1,833	5,580	10,369	12,274	14,113	14,857		
					13	None	189	4,693	3,837	2,795	2,646	2,041	5,775	8,484	10,124	10,910	10,988		
						Vocational	51	3,476	2,025	2,269	1,904	1,976	3,694	7,595	9,697	11,778	10,303		
						SIP	43	3,833	3,714	3,735	3,459	2,580	5,923	11,029	12,848	15,993	16,001		
					14	None	175	5,251	3,965	3,125	1,915	2,107	5,510	8,688	9,815	11,731	11,971		
						Vocational	64	4,447	3,784	3,489	2,456	2,594	6,580	10,610	11,614	15,414	18,229		
						SIP	59	1,186	937	2,213	2,052	1,620	5,784	10,392	13,306	16,496	17,692		
				40-64	11	None	185	2,524	2,065	1,149	892	913	2,554	4,169	4,638	4,841	5,072		
						Remedial	43	1,369	1,032	1,318	715	867	4,767	5,607	8,014	8,591	8,597		
					12	None	561	3,925	3,150	2,614	1,972	1,600	4,082	6,517	7,320	8,060	8,805		
						Remedial	108	2,845	2,297	1,782	1,527	1,453	3,992	7,636	8,034	9,339	10,750		
Vocational	57	1,857	1,694			1,851	1,697	1,123	3,650	7,679	8,042	8,821	9,680						
SIP	56	2,266	2,871			2,855	1,465	1,498	4,358	8,234	10,532	11,385	11,685						
Two Parent	Fluent English	2+ Yr. AFDC/	17-29		12	None	192	2,539	2,201	1,849	1,210	1,220	3,977	6,963	7,998	9,693	10,128		
						Vocational	40	992	1,371	1,819	1,054	408	4,381	7,035	8,917	10,261	12,546		

Table A-10 (Cont.)
 Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
 Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
 History, Age, Years of School, and Skill Development Experience in GAIN
 Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded
 Only Cohorts with 40+ People Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Count	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001					
1998	Single Parent	Fluent English	<2 Yr. AFDC/Unemp.	17-29	11	None	227	1,858	1,922	2,520	3,206	3,042	2,943	4,835	8,065	8,779	9,589					
						Remedial	47	154	343	1,481	1,716	2,097	2,299	3,504	6,398	8,307	9,237					
						Vocational	53	1,482	1,499	2,010	2,993	3,587	2,405	4,012	6,806	8,152	9,070					
					12	None	585	2,934	3,002	3,772	4,320	4,397	3,900	6,109	10,140	11,765	11,907					
						Remedial	82	1,345	1,254	2,085	3,192	2,929	2,757	4,923	7,613	9,387	11,364					
						Vocational	133	2,157	2,717	3,646	4,511	4,237	4,171	6,384	11,414	14,187	15,876					
						SIP	108	2,037	2,253	3,024	3,671	3,220	2,677	6,670	11,497	13,564	13,877					
				2+ Yr. AFDC/Unemp.	9	None	238	662	474	564	587	667	1,163	2,741	4,672	5,251	5,177					
						Remedial	112	630	462	570	619	597	1,169	3,470	4,895	5,594	6,258					
						Vocational	41	125	204	320	202	1,140	1,619	4,808	8,683	9,202	11,053					
						SIP	46	211	270	492	447	908	1,493	4,894	8,369	9,527	9,503					
					10	None	482	989	907	1,096	1,029	1,249	1,560	3,873	5,991	7,026	7,132					
						Remedial	249	469	392	459	512	1,013	1,099	3,368	5,851	7,137	8,348					
						Vocational	86	777	684	939	914	940	1,728	4,150	6,648	9,199	9,272					
						SIP	90	342	523	720	874	1,026	1,119	5,630	9,346	10,712	10,605					
					11	None	1,134	1,088	941	951	870	841	1,176	3,602	5,625	6,452	6,911					
						Remedial	452	457	394	626	776	889	1,073	3,318	4,898	5,902	6,384					
						Vocational	262	571	726	867	1,039	1,052	1,111	3,629	5,503	6,969	7,438					
						SIP	259	777	758	851	1,055	1,028	1,214	4,998	8,149	9,590	10,405					
					12	None	1,867	1,770	1,713	1,802	1,812	1,730	2,024	4,793	7,943	9,208	9,856					
						Remedial	539	789	813	911	976	1,252	1,396	3,673	5,868	6,754	8,124					
						Vocational	623	1,247	1,336	1,448	1,522	1,318	1,650	4,212	7,670	9,542	10,806					
						SIP	753	1,555	1,608	1,536	1,572	1,453	1,844	5,534	10,032	11,716	12,850					
					13	None	163	2,498	2,077	2,103	1,665	1,823	2,301	5,928	10,260	11,736	12,221					
						Vocational	104	1,509	1,781	1,841	1,341	1,032	1,695	5,465	9,487	13,053	15,195					
						SIP	101	1,948	1,827	1,885	1,803	1,838	1,416	5,142	9,540	10,773	13,583					
					14	None	103	2,722	2,917	2,667	2,182	1,906	2,646	4,908	8,167	9,442	9,477					
						Vocational	90	2,947	1,895	1,500	1,742	2,487	2,667	3,936	8,050	10,353	11,360					
						SIP	92	2,340	1,262	1,022	1,166	1,252	1,699	6,293	11,375	14,775	17,676					
30-39				10	None	318	2,235	1,670	1,334	1,409	1,288	1,887	3,835	5,323	6,207	6,697						
					Remedial	67	1,151	815	396	554	796	1,093	2,839	5,454	6,775	7,468						
					11	None	700	1,683	1,385	1,220	1,226	1,374	1,462	3,722	5,919	6,594	6,390					
						Remedial	232	848	914	807	815	765	861	3,087	5,046	6,332	7,032					
						Vocational	64	2,861	2,165	1,480	1,087	1,452	2,071	5,083	7,257	8,199	8,851					
						SIP	79	1,653	1,168	1,365	966	1,361	1,603	4,293	8,805	9,999	10,331					
				12	None	1,368	3,371	2,575	2,210	1,876	1,724	2,000	4,516	7,263	8,429	8,809						
					Remedial	330	2,097	1,648	1,340	1,092	1,128	1,482	4,717	7,877	8,772	9,233						
					Vocational	199	3,749	3,293	3,033	2,328	1,954	2,099	5,224	8,800	10,278	11,817						
					SIP	286	3,757	2,825	3,024	2,233	1,965	1,762	6,346	10,713	12,739	14,056						
				13	None	173	3,767	3,364	3,430	2,962	2,222	2,597	5,403	8,683	9,397	9,480						
					SIP	54	3,394	2,778	1,868	1,742	1,380	2,152	7,226	11,464	12,961	13,347						
				14	None	137	5,940	4,904	4,452	3,502	3,122	4,493	7,171	9,553	10,688	10,660						
					Vocational	56	4,237	1,584	1,826	1,878	1,174	1,628	5,287	8,566	10,071	10,826						
					SIP	60	1,758	1,355	1,416	698	1,333	1,262	6,107	11,364	14,357	16,200						
40-64				11	None	298	1,707	1,384	1,056	1,027	890	1,111	2,233	3,213	3,299	3,944						
					Remedial	67	911	935	560	327	526	1,730	3,518	4,728	5,273	5,356						
					12	None	686	2,697	2,192	2,034	1,855	1,611	1,548	3,446	5,077	5,783	6,034					
						Remedial	145	2,999	2,209	1,438	1,184	969	1,127	2,862	5,113	5,529	6,511					
						Vocational	63	4,293	3,899	3,822	2,489	2,023	2,506	4,970	8,736	8,916	10,072					
						SIP	81	2,073	1,547	1,634	1,790	2,055	1,987	5,378	8,872	8,976	9,740					
				12	None	167	1,952	1,392	1,262	1,096	1,351	1,413	5,019	7,522	7,776	8,395						
					Remedial	41	2,112	979	1,144	1,218	1,268	1,800	3,776	4,060	4,320	5,890						
					Two Parent	Fluent English	2+ Yr. AFDC/Unemp.		17-29	12	None	193	1,578	1,674	1,821	1,796	1,460	1,163	3,814	5,873	6,518	7,068
											Vocational	52	1,200	1,382	861	471	1,341	1,217	3,448	6,581	8,226	10,566
											30-39	12	None	142	1,012	948	626	374	355	1,024	3,373	5,357
Vocational	41	217	191	82					12	28			245	3,740	6,431	8,085	11,711					

Table A-10 (Cont.)
 Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
 Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
 History, Age, Years of School, and Skill Development Experience in GAIN
 Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded
 Only Cohorts with 40+ People Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Count	Average Annual Earnings in 2001 Dollars										
								1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
1999	Single Parent	Fluent English	2+ Yr. AFDC/Unemp.	17-29	11	None	228	1,660	1,949	2,376	3,005	3,704	3,994	3,470	5,329	8,090	8,712	
						Remedial	77	664	992	467	894	1,225	1,744	2,218	2,981	4,730	5,826	
						Vocational	76	818	1,203	1,688	1,977	3,057	3,291	2,704	5,363	8,140	11,205	
					12	None	625	1,671	1,922	2,301	3,172	3,835	4,176	3,809	6,070	9,576	10,305	
						Remedial	123	553	916	978	1,738	2,479	2,826	3,425	4,686	7,370	9,559	
						Vocational	240	1,211	1,580	1,790	2,854	3,695	4,007	4,039	5,254	10,057	11,230	
					13	SIP	93	1,428	1,634	2,129	3,646	3,872	3,403	2,975	6,518	12,166	12,410	
						None	108	2,715	3,632	4,339	4,429	5,418	5,194	4,655	8,143	12,637	13,745	
						Vocational	67	1,979	2,570	3,206	3,485	4,727	4,755	4,778	6,954	10,249	11,127	
					14	None	62	2,340	3,154	4,192	4,489	5,313	6,953	5,644	7,635	12,438	12,362	
						Vocational	42	1,690	2,548	3,115	4,324	5,133	6,170	5,851	7,370	13,383	14,486	
						2+ Yr. AFDC/Unemp.	9	None	175	693	673	591	906	1,151	1,351	2,206	4,094	5,643
					Remedial			108	148	203	302	540	637	1,013	1,485	3,270	5,073	5,609
					Vocational			47	1,508	2,093	725	1,012	1,832	1,844	2,124	5,387	8,703	8,506
					10		None	471	730	569	820	814	920	1,410	1,847	3,955	5,588	5,611
							Remedial	262	399	367	494	789	1,040	1,260	1,836	3,904	5,835	6,638
							Vocational	119	635	512	718	1,228	1,201	1,208	1,758	4,535	6,099	6,519
					30-39	11	SIP	87	1,184	1,136	1,279	1,588	1,284	1,456	2,374	6,476	9,747	10,028
							None	1,108	931	860	874	918	1,063	1,377	1,846	4,092	5,564	5,724
							Remedial	600	240	327	488	694	895	1,009	1,686	3,448	4,995	5,387
						12	Vocational	337	336	498	532	614	988	1,454	1,762	4,186	6,703	7,572
							SIP	224	609	534	804	681	1,069	1,416	2,001	4,833	7,456	7,524
							None	1,608	1,324	1,366	1,633	1,787	2,010	2,221	2,532	5,262	7,670	8,413
					40-64	13	Remedial	586	822	707	827	948	987	1,195	1,639	4,171	6,467	7,388
							Vocational	771	985	1,221	1,359	1,322	1,525	1,998	2,241	5,176	8,363	9,378
							SIP	628	1,279	1,282	1,499	1,585	1,615	1,895	2,698	6,222	9,902	11,801
						14	None	129	1,405	2,176	2,454	2,327	2,162	2,285	2,947	6,267	9,477	10,397
							Vocational	133	992	926	1,492	1,489	1,284	1,683	2,437	5,173	8,539	10,793
							SIP	108	1,633	1,109	1,885	2,104	2,540	2,403	2,524	6,196	10,742	12,503
					Two Parent	11	None	79	3,082	3,276	3,082	3,725	3,620	2,855	2,552	5,039	9,730	10,477
							Vocational	85	1,729	1,810	1,605	2,163	1,678	1,918	2,779	6,120	9,827	11,532
							SIP	60	1,977	1,410	2,166	2,564	1,964	1,209	2,225	8,224	13,938	17,296
						12	None	104	1,720	1,454	777	964	671	1,258	1,521	3,214	4,844	5,370
							Remedial	43	413	440	697	671	696	1,010	1,019	4,179	5,463	6,736
							None	274	1,866	1,898	1,740	1,574	1,419	1,834	2,504	4,095	5,749	5,704
					Single Parent	13	Remedial	69	964	1,025	1,020	782	591	1,197	1,906	3,041	5,642	6,110
							None	648	1,752	1,536	1,195	1,302	1,226	1,488	2,112	3,881	5,773	5,917
							Remedial	214	770	918	830	1,297	1,699	1,813	2,568	4,670	6,555	7,950
						14	Vocational	66	944	847	1,064	1,531	1,163	2,108	2,579	4,143	7,125	8,184
							SIP	79	1,176	1,074	1,212	1,981	1,459	1,723	2,289	4,947	6,989	7,440
							None	1,291	3,226	2,962	2,773	2,382	2,194	2,303	2,845	5,375	7,656	7,960
					Two Parent	11	Remedial	321	1,497	1,001	962	1,211	1,350	1,738	2,131	4,690	8,363	8,814
							Vocational	241	3,573	3,084	2,681	2,492	2,035	2,175	3,119	6,261	9,924	11,023
							SIP	265	3,037	2,471	2,251	2,120	2,276	2,507	3,198	6,810	11,407	12,927
						12	None	130	3,560	3,450	3,610	2,628	2,966	2,677	3,266	6,828	9,834	9,411
							Vocational	70	3,352	3,054	3,092	2,752	2,332	2,061	1,558	6,066	10,790	12,572
							SIP	58	5,600	4,732	3,553	2,590	2,569	2,007	2,418	6,641	12,129	14,466
					Single Parent	13	None	129	5,793	4,907	4,013	3,790	3,588	3,953	4,179	6,486	9,827	10,604
							Vocational	40	3,571	3,359	2,762	2,031	1,439	2,311	2,474	6,369	10,426	13,119
							SIP	52	4,874	3,661	3,779	4,394	2,463	2,098	3,521	8,122	13,187	15,096
						14	None	289	1,097	893	1,087	828	1,122	1,146	1,707	3,087	3,873	3,267
							Remedial	81	791	1,052	1,035	1,377	1,402	1,117	1,055	3,164	5,263	5,254
							None	616	3,072	2,421	2,067	1,675	1,753	1,760	2,214	3,926	5,523	6,021
					Two Parent	11	Remedial	142	2,343	1,817	1,259	990	852	1,157	1,426	3,684	6,612	7,676
							Vocational	62	4,203	4,200	3,684	4,449	3,608	2,939	2,299	4,140	6,335	7,929
							SIP	84	3,419	3,228	2,681	2,237	2,316	2,407	2,488	5,067	8,564	9,994
						12	None	181	1,152	1,002	1,467	1,411	1,616	1,472	1,744	3,769	5,756	6,887
							Remedial	41	150	689	658	911	528	442	660	2,644	5,904	6,222
							Vocational	45	1,328	1,605	1,665	1,379	1,150	788	837	5,790	9,770	10,245

Table A-10 (Cont.)

Earnings Outcomes of Women Entering the Labor Force from 1990 through 2000
Based on Year of Labor Force Entry, Family Status, English Ability, Dependency
History, Age, Years of School, and Skill Development Experience in GAIN

Records with Suspect Earnings or Disability or Family Dysfunction Indicators Excluded
Only Cohorts with 40+ Parents Included; 98,602 Parents Shown in Table

Start Date	Family Status	English Ability	History	Age	Yrs. Sch.	GAIN Educ.	Count	Average Annual Earnings in 2001 Dollars												
								1992	1993	1994	1995	1996	1997	1998	1999	2000	2001			
2000	Single Parent	Fluent English	<2 Yr. AFDC/Unemp.	17-29	10	None	143	388	421	1,102	1,163	1,743	2,112	2,641	2,661	3,604	5,468			
					Remedial	46	1,093	616	995	1,179	1,554	1,558	2,574	3,972	6,059	8,506				
					11	None	325	750	954	1,290	1,760	1,869	2,538	3,100	3,040	4,383	5,341			
					Remedial	105	183	299	425	863	973	1,189	1,706	2,060	3,745	4,484				
					Vocational	84	688	891	1,652	1,715	1,982	3,206	3,303	2,553	4,868	7,243				
					12	None	807	911	1,095	1,501	2,082	2,750	3,710	4,380	3,956	5,541	8,179			
				Remedial	146	549	1,022	1,203	1,770	1,990	2,833	2,959	2,316	4,818	8,228					
				Vocational	290	1,249	1,497	2,040	2,635	3,325	4,013	4,383	4,019	5,878	8,648					
				SIP	122	791	690	1,112	1,155	1,974	3,380	4,336	3,418	5,847	10,258					
				13	None	105	944	972	1,877	2,205	3,273	4,602	4,569	3,933	6,010	9,493				
				Vocational	66	1,032	1,210	1,876	2,605	3,383	4,902	5,153	3,671	6,900	10,637					
				14	None	60	2,017	2,710	4,268	5,867	6,046	6,687	8,153	5,638	7,709	13,770				
				Vocational	41	1,153	1,933	1,494	3,838	4,781	4,452	5,378	3,650	5,613	7,636					
				30-39	12	None	278	5,437	5,175	5,463	5,593	5,947	7,047	6,913	5,815	6,678	8,993			
					Remedial	45	5,131	5,454	6,029	5,914	6,588	6,254	5,579	3,417	4,369	9,438				
					Vocational	62	9,594	9,533	8,645	9,448	8,234	10,394	9,704	6,793	7,558	11,395				
					11	None	185	540	493	477	680	690	1,159	1,570	1,507	2,516	2,662			
					Remedial	86	313	538	575	570	720	1,149	1,229	1,706	3,693	4,525				
					10	None	428	326	471	633	707	798	1,194	1,459	1,382	2,778	3,469			
				2+ Yr. AFDC/Unemp.	Remedial	184	144	185	223	370	649	1,121	1,148	1,068	3,376	5,292				
					Vocational	107	639	772	849	608	923	1,015	1,611	1,948	3,783	5,469				
					SIP	55	822	652	883	594	561	1,052	1,840	2,029	4,309	5,186				
					11	None	926	479	454	562	809	877	1,332	1,602	1,724	3,437	4,305			
					Remedial	459	318	379	444	536	745	846	989	1,171	3,024	4,055				
	Vocational	327	521		534	618	538	839	1,163	1,624	2,090	4,165	5,427							
	SIP	146	255		511	417	543	813	1,139	1,455	1,946	4,544	6,589							
	12	None	1,316		924	942	1,078	1,295	1,557	1,976	2,332	2,178	4,473	6,033						
	Remedial	480	463		547	681	797	773	1,041	1,346	1,446	3,795	5,950							
	Vocational	739	551		745	1,042	1,175	1,438	1,925	2,135	2,034	4,828	7,072							
	SIP	424	941		1,063	1,125	1,286	1,561	1,667	2,215	2,532	5,840	8,423							
	13	None	110		1,771	1,799	1,928	2,019	2,901	3,003	3,056	2,190	5,576	6,859						
	Vocational	122	887		1,244	1,375	1,852	1,733	2,084	2,306	2,420	4,405	6,461							
	SIP	65	898		837	1,235	1,224	1,482	1,695	1,817	2,451	5,793	8,138							
	14	None	61		1,808	2,127	2,229	3,145	3,080	3,719	2,491	2,720	6,080	10,043						
	Vocational	79	1,396		1,084	1,303	1,690	2,550	2,957	2,957	2,241	6,299	8,863							
	30-39	10	None		243	1,077	854	822	1,326	1,340	1,369	1,391	1,554	2,721	3,714					
		Remedial	59		872	907	1,155	581	997	1,161	1,629	1,990	4,008	6,827						
		11	None	574	1,696	1,375	1,307	1,116	1,260	1,318	1,686	1,867	3,179	4,168						
		Remedial	158	1,212	943	1,023	971	1,047	2,059	2,575	2,715	4,422	5,817							
		Vocational	76	1,867	1,623	1,654	1,951	1,481	1,576	2,614	2,971	5,903	6,440							
		SIP	69	958	1,010	640	798	997	1,192	1,540	1,721	4,654	6,450							
		12	None	992	2,616	2,484	2,454	2,423	2,213	2,257	2,596	2,944	4,993	6,248						
		Remedial	264	2,219	1,448	1,088	1,296	1,084	1,520	1,521	1,770	4,415	7,153							
		Vocational	231	3,465	2,762	2,276	2,341	1,723	1,628	2,100	2,298	5,781	8,530							
		SIP	179	3,359	2,919	2,960	3,063	2,707	3,319	3,197	3,681	7,007	9,891							
		13	None	120	5,286	3,957	4,811	4,360	3,793	4,172	4,026	4,038	6,039	6,884						
		Vocational	54	5,690	5,390	5,471	5,385	3,868	2,847	3,668	3,447	6,683	9,378							
	SIP	45	4,176	2,838	2,039	2,905	2,323	2,636	3,129	3,078	5,720	10,891								
40-64	14	None	87	4,487	4,104	4,507	2,711	3,027	3,004	2,107	1,742	4,198	5,496							
	Vocational	51	4,619	4,815	4,228	4,466	4,395	5,458	4,795	4,965	9,302	12,415								
	SIP	44	5,373	6,487	5,359	5,031	3,366	2,472	3,031	4,743	7,586	8,620								
	11	None	251	1,743	1,408	1,343	985	1,031	1,164	1,163	1,343	2,347	2,773							
	Remedial	62	839	383	283	505	766	1,133	1,254	1,887	4,058	6,517								
	12	None	523	2,877	2,381	2,123	2,041	1,966	1,979	2,007	1,916	3,708	5,178							
Two Parent	Fluent English	2+ Yr. AFDC/Unemp.	17-29	12	None	159	1,380	1,291	1,656	1,719	1,405	1,508	1,547	1,554	3,488	4,645				
				Vocational	45	228	112	657	988	1,781	2,596	2,613	1,418	4,464	6,288					
				30-39	12	None	284	501	556	686	742	676	901	1,156	2,755	4,503	6,651			
					Remedial	52	486	469	80	492	195	290	732	874	1,861	5,125				
					Vocational	69	140	107	121	227	109	184	520	1,098	2,760	4,668				
					40-64	12	None	334	243	247	387	457	561	994	1,386	2,462	4,287	6,172		
	Vocational	41					4		23	167	321	441	1,560	3,299	6,403					

Table A-11
Odds of Skill Development Outcomes for Parents

CalWORKs Parents with First Appraisal from 1998 to 2001

ODDS RATIO GROUP	Mutually exclusive groups - Parents with indicator of Family dysfunction or disability not included								SIP Denied (some overlap with people who were trained)	COMPARISON GROUP
	No Assessment or School	Assessed but No School	No Show for Remedial Education	Started Remedial Education	Completed Remedial Education	No Assessment; School Enrollment	Assessment and School Enrollment	SIP Approved		
GENDER, FAMILY										
	Odds Ratios									
Female	0.41	1.49	3.44	5.66	3.93	1.93	0.27	3.66	2.97	Males
Single parent family	0.61	0.94	2.09	2.03	1.35	1.94	1.77	2.01	2.06	Two parent families
AGE JANUARY 1, 2001										
Less than 25 years old	1.84	0.38	3.89	5.39	1.28	4.09	1.51	2.43	1.96	Age 50+
25 - 29 years old	1.36		1.62	1.25	*1.23	4.63	2.64	4.80	3.42	Age 50+
30-34 years old	1.35		1.63		*1.24	3.09	2.08	3.56	2.25	Age 50+
35-39 years old	1.23	1.20	*1.43		1.31	2.38	1.74	2.36	1.65	Age 50+
40-44 years old	1.15	1.30			*1.25	1.79	1.62	1.82	1.63	Age 50+
44-49 years old		1.37			*1.23	1.51		**1.36		Age 50+
EDUCATION										
0 to 8 years of school	1.43	1.22	*1.34	1.34		0.13	0.22	0.09	0.19	13+ Years School
9 to 11 years of school	1.15		2.38	2.64		0.51	0.52	0.38	0.47	13+ Years School
12 years of school	1.09		1.53	1.42	1.33	0.79	0.63	0.83	0.71	13+ Years School
ENGLISH ABILITY AND PRIMARY LANGUAGE										
Limited English ability	0.36	3.47	0.73	0.57	2.16	1.06	0.49	1.12*	1.18	Fluent in English
Armenian	0.55	2.35	0.07	0.19	1.93	1.43	0.42	1.99		English is primary
Asian or Pacific Islander	0.91	2.10	0.16	0.27		0.67	1.76	0.30	0.49	English is primary
Spanish	1.19	1.36	0.72	0.83	0.80	0.33	2.44	0.22	0.39	English is primary
ETHNICITY										
African American			2.70	2.04		1.26	1.20		1.57	European American
Asian or Pacific Islander		1.57	0.53	0.83	**0.87	0.87	0.64	0.38	**0.81	European American
Latino	1.09		1.80	2.29	*0.91	0.77	0.67	0.58	0.90	European American
GAIN HISTORY										
2+ yrs. pre-GAIN welfare	0.25	3.39	1.26	0.84	2.55	2.46	3.83	3.80	2.88	Not on AFDC 2+ yrs.
Assigned to Cal Learn	0.20	0.09	15.96	49.17	4.91	1.13	**1.23	*0.96		No Cal Learn
Assigned to Job Club	0.27	7.88	2.42	1.32	4.90	1.21	0.21	1.27	1.72	No Job Club
1+ financial sanctions	1.04	0.87	1.65	0.79	0.83	1.26	1.22	1.18	1.40	Not sanctioned
PERCENT OF QUARTERS WORKED FROM 1992 THROUGH YEAR PRECEDING LABOR FORCE ENGAGEMENT										
No employment	0.89	0.68	2.27	4.25	1.40	0.81		0.65	0.67	66-100% emp. rate
1-6% employment rate	0.89	0.61	2.19	4.70	1.79			*0.84		66-100% emp. rate
7-15% employment rate	0.92	0.67	2.19	3.58	1.66	1.14	**1.16			66-100% emp. rate
16-25% employment rate	0.92	0.74	1.67	2.47	1.61	1.28	**1.19	1.29		66-100% emp. rate
26-40% employment rate	0.90	*0.90	*1.30	1.57	1.41	1.37	1.31	1.52	1.29	66-100% emp. rate
41-65% employment rate	0.93			1.21	1.24	1.19	1.16	1.25	1.29	66-100% emp. rate
POVERTY RATE IN CENSUS TRACT WHERE FAMILY LIVES										
14-20% poverty rate		1.13	1.33	1.17		**0.93			0.76	0-13% poverty
21-26% poverty rate		1.18	1.49	1.37		0.81		0.83	*0.84	0-13% poverty
27-34% poverty rate		1.21	1.76	1.36	**0.91	0.82		0.73	0.88	0-13% poverty
35%+ poverty rate		1.10	2.14	1.51		0.76		0.63	0.76	0-13% poverty

All odds ratios shown in table have significance level (i.e., probability that the outcome is the result of random chance rather than a difference between the groups being compared) of 0.01 or less, unless noted as follows:

* Significance 0.02 to 0.05

** Significance 0.06 to 0.10

Table A-12
Odds Ratios that Parents will be Sanctioned
 Welfare Parents with First Appraisal from 1998 to 2001

Group	Sanctioned Any Duration	Sanctioned 4+ Days	Comparison Group
GENDER, FAMILY STATUS			
Female	1.34	1.83	Males
Single parent family	1.85	1.97	Two parent families
AGE ON JANUARY 1, 2001			
25 - 29 years old	2.01	2.00	Age 50+
30-34 years old	1.75	1.70	Age 50+
35-39 years old	1.56	1.59	Age 50+
40-44 years old	1.43	1.41	Age 50+
44-49 years old	1.22	1.27	Age 50+
EDUCATION			
0 to 8 years of school	1.15	1.20	13+ Years of School
9 to 11 years of school	1.94	2.16	13+ Years of School
12 years of school	1.38	1.47	13+ Years of School
ENGLISH ABILITY AND PRIMARY LANGUAGE			
Limited English ability	0.72		Fluent in English
Armenian	0.13	0.21	English speakers
Asian or Pacific Islander Language	0.19	0.26	English speakers
Spanish	0.79	0.80	English speakers
ETHNICITY			
African American ethnicity	1.68	1.80	European Americans
Asian-Pacific Islander ethnicity	0.64	0.66	European Americans
Latino ethnicity	1.46	1.49	European Americans
GAIN HISTORY			
On AFDC 2 years or more before GAIN	1.67	2.96	Not on AFDC 2+ years
Assigned to Cal Learn	0.55	0.63	Not Assigned to Cal Learn
Assigned to Job Club	1.74	2.74	Not Assigned to Job Club
PERCENT OF QUARTERS WORKED FROM 1992 THROUGH YEAR BEFORE LABOR FORCE ENGAGEMENT			
1-6% employment rate	1.10	1.26	Worked 66-100% of quarters
7-15% employment rate	1.19	1.38	Worked 66-100% of quarters
16-25% employment rate	1.27	1.41	Worked 66-100% of quarters
26-40% employment rate	1.35	1.43	Worked 66-100% of quarters
41-65% employment rate	1.26	1.32	Worked 66-100% of quarters
POVERTY RATE IN CENSUS TRACT WHERE FAMILY			
14-20% poverty rate	*0.96		Census tracts 0-13% poverty
27-34% poverty rate	1.06		Census tracts 0-13% poverty
35%+ poverty rate	1.16	1.16	Census tracts 0-13% poverty
SKILL DEVELOPMENT OUTCOMES			
No GAIN assessment or school enrollment	0.81	0.56	Not assessed, went to school
GAIN assessment but no school enrollment	0.70	0.83	Not assessed, went to school
No show for remedial education	1.32	1.25	Not assessed, went to school
Remedial education started, not finished	0.64	0.60	Not assessed, went to school
Completed remedial education	0.67	0.65	Not assessed, went to school
Approved for self-initiated program (SIP)		*0.86	Not assessed, went to school
FAMILY DYSFUNCTION AND DISABILITY INDICATORS			
Family dysfunction indicator	0.87	1.57	No family dysfunction indicator
Disabled flag	0.86	1.13	No disabled flag
Exemption for incapacity or care taking	1.15	1.48	No incapacity-related

All odds ratios in table have significance level (i.e., probability that the outcome is the result of random chance rather than a difference between the groups being compared) of 0.01 or less, unless * (indicating 0.02 to 0.05 significance).

U.C. BERKELEY LIBRARIES



C124882503

